

FAR EASTERN ECONOMIC REVIEW

Vol. XXII

Hongkong, May 23, 1957

No. 21

Trends of Political Reform in Peking	641	Economic Developments in the Philippines	651	Invisible Exports of Hongkong ..	657
Basis of Light Industry in China (IV—Fulfilment of the First Five-Year Plan)	643	Indonesia		Hongkong Company Meetings ..	658
Paper Money in Modern China (Part II)	647	The Rice Import Trade of Indonesia	652	Book Review	660
Philippines		China		Finance & Commerce	
Economic Reports from Manila ..	649	'Contradictions' in Chinese Joint Enterprises	653	Wheat—Production and Trade in 1956/57	663
Economic Letter from Manila	650	Railways for Backward China	654	Hongkong Exchange Markets; HK Share Market; Singapore Shares; Trade Reports	664
		Hongkong		Hongkong Trade in April and January/April 1957	668
		Hongkong Notes and Reports	656		

TRENDS OF POLITICAL REFORM IN PEKING

Communism it is alleged by the Chinese intelligentsia has now divided into two capitals, with Moscow as the Economic Capital—about to become dramatically mobile and decentralised—and Peking as the Ideological Capital (as they fancy) and the centre of again a new orthodoxy. The putative division of roles may have its convenience in embarrassing Marshal Tito and his pretensions. The Marxist scholars can now separate themselves from the rough force men who gave them their authority by armed conquest. They now seek conquest by persuasion and conviction; to appease and to propitiate by peaceful means, since the double warning of Budapest has gone deep. And after all even in the Soviet Union Beria has gone the way of Stalin. That did not prevent the force men, and their tanks, from having their way in Hungary. The Russians remain true to type and the Chinese are reverting to type. Behind the first lies the restless nomad warriors and adventurers who made their hazardous way across a continent to the Pacific. Behind the Chinese are to be seen once more the shadowy but crowded figures of the sophists and hair-splitters who for centuries before the First Emperor dominated the kingdoms and laid the foundations of one of the greatest of humane civilisations.

The Kremlin has become tired of dialectics. Khrushchev was not quite so cunning as Mark Anthony in his oration when he came "to bury Caesar, not to praise him." He and all of them are back on the old track, and now it will be seen across the skies of history whether the Chinese or the Russians shall prevail. There is fear haunting the heels of both. They know at last that they are not the end or the final answer. The problem of the succession, and the way of that succession, peeps over the red horizon. There is a possibility that the whole will gradually swallow the lesser, if momentarily more puissant, part in China, for compromise

in such matters, as a substitute for arrogant militancy leans that way. The regime has created a vast agglomeration of antagonisms in place of the ancient harmony and now it is trying to avert "the danger of the development of clear-cut opposition," of which in fact it has had a warning foretaste already. But Communist States do not live to themselves alone; and it is not of the effect in China alone that one thinks now so much as of the effect of propitiation and persuasion there upon the satellites and even on the Soviet Union itself.

Leaks from Warsaw revealed the substantive text of Khrushchev's second and more violent denunciation of Stalin, and further leaks recently revealed Chairman Mao Tse-tung's unpublished speech to the enlarged Supreme State Conference at the end of February. It is usual for Mao to hold up an important speech before allowing it general publication. His sensational speech in July 1955—on the day a cautious and timorous National People's Congress closed its session—calling for an all-out expansion of collectivism in agriculture, was not disclosed in detail until more than three months later. But since there appears to be some ground for the reports now current that the February speech included one or two sticks of proletarian internationalist dynamite perhaps it will never be officially published.

Every week that goes by would seem to indicate the passing of the Communist theoretical supremacy from Moscow to Peking. It is an exercise which the Soviet leaders cannot approve. Khrushchev, like Stalin, despises the word-spinners and so-called philosophers of the Chinese school and prefers to win plaudits by action on the grand scale, as shown in his vast plan to break up the entire over-centralised economic machine into regional and autonomous parts—a scheme so bold and so unpleasant for all concerned that it may well bring about his downfall

when the scheme is in mid-passage, or (to change the metaphor) in neutral gear.

Part of Mao's speech was reported in an anti-Soviet paper in Warsaw in the second week of May. Diplomats who had seen a copy of it declared it was even more pointedly critical of the Soviet policy. In this speech in February Mao Tse-tung issued a warning that unless the Communist bloc allow more individual freedom to their peoples, their regimes will fall. That is certainly consistent with the major phenomena to be witnessed in China under the Party rectification movement he launched after his lengthy exhortation on the correct way to handle the manifold contradictions among the people. Basic to this policy is the theoretical contention that with the transformation of industry, commerce and agriculture the class struggle no longer exists. That also seems to place an explosive charge under the system of Communist or proletarian dictatorships if carried through to a logical conclusion. Certainly it involves its transformation from a repressive, despotic dictatorship to a benevolent "leadership."

* * *

Some of the Party doctrinaires in China dislike the present campaign on the ground that it would weaken Party authority and might even cause weeds to grow so profusely as to overwhelm the blossoming flowers if all were permitted to bloom together as Mao has decreed. On the other hand some non-Party intellectuals have not forgotten their previous experiences. They don't want to go through the self-criticism ordeal over and over again as so many of them had to do a few years ago. The President of Yenching, for example, had to present his self-criticism or confession on seven separate occasions—each more humiliating than the last. And the more recent case of the writer Hu Feng is also vividly in mind—all the more so since there is no forgiveness for him and it was made clear by Chou Yang, the deputy chief propagandist of the Centre, that Hu Feng remains in outer darkness. The trouble is that most of the contention so far has been limited to the Party people and their collaborators—those who drifted away into silence and passivity remain "apart". They are not merely afraid that if they do come out and contend, they will expose themselves to what would have been inevitable reprisals a couple of years ago. They are if anything confirmed in their basic disapproval of Marxism-Leninism and its disciples in China—and often also of the Party's excessive intimacy with and dependence upon the incalculable but so powerful Russians.

The campaign of "rectification" proceeds everywhere during this "tween season" period when the spring sowing is over on the land and in the cities factory and shop are absorbed in normal routine. The law has been laid down in the trade unions: they too must talk it all out exhaustively on democratic lines. Their chief Lai Jo-yu told the unions they must get to understand the position both of the enterprise leadership and of the workers, and act as mediator between them. Their major task was to support the feasible demands of the workers, and to co-operate with both the management of the enterprises and the Party in solving day-to-day problems.

Few could possibly muster the fortitude and patience required to wade through the many thousands of words devoted, in many conferences and still more essays, to the contradictions and antagonisms within the ranks of the people. But an intelligible summary was given in the report on Mayor Peng Chen's address to some 2,800 people attend-

ing a meeting on propaganda questions. He defined some of these contradictions—the Communist euphemism for conflicts and antagonisms—as those between advanced and backward elements, between correct and incorrect views, and between the mass of people and the leaders. He admitted that in the new historical situation of China class contradictions had mainly been solved and remnant counter-revolutionaries had mainly been dealt with. The present contradictions, which seem to be a lot more comprehensive and troublesome than the old class contradictions, "require democratic methods and discussion in a comradely atmosphere." When the masses appointed delegates and made petitions demanding that questions be solved, this was a proper method and should be treated as such, not as an unlawful action. There was nothing to fear, even when people got together and caused a disturbance in resentment over extremely bureaucratic practices. The proper way, said Peng Chen—and he was obviously explaining the Party line laid down by good old Mao—was to consult the people concerned and solve the point at issue correctly. Since contradictions among the people could only be solved by democratic means, his yarn went on, the policy towards different ideas existing objectively among the people should be to "let flowers of many kinds blossom and let diverse schools of thought contend." All things grow in the course of the struggle between contradictions, and truth is clarified through contention. Which are healthy and which are noxious, what is truth and what is error, can be established only as the flowers blossom and the different schools of thought contend. The main problem at present, he added ruefully, is that not enough flowers had blossomed and the diverse schools of thought had not contended enough. There should be boldness in this regard, he ended with a gasp.

But until quite recently there was practically no contribution to this protracted and seemingly endless discussion from outside the Party. Others appear to consider discretion the better part of valour while the Party leaders are exercised so constantly with these contradictions. The only exception appears to have been the intervention of members of the political wing of the Army, headed by Chen Chit-tung, the author of the play "The Long March," in which he took part. They wrote to the Peking People's Daily declaring that the new policy of full and free discussion begun in 1956 after the transformation of agriculture, industry and commerce, was dangerous and would lead to some "unscrupulous intellectuals" to begin "exhuming the bottoms of old trunks." They were stepped upon rather heavily, though belatedly, by the paper in an editorial in which the People's Daily criticised itself for waiting so long to reply and rebuke the non-conformists. The editorial was at once interpreted as a warning that the Government was prepared to take measures to ensure respect for the relaxation policy, and it was even considered possible that a "Hu Feng movement in reverse" might be launched.

It may be recalled, as showing how much the Army itself is also involved in this upheaval, that the Vice-Minister of Defence Tan Cheng—in a speech at the National People's Congress last year when reporting on political work in the new stage of Army building—complained of certain "errors and defects requiring a general check-up, beginning with the higher organs of the Army Political Department." These defects included the neglect of the traditional unity of officers and men; the creation of artificial boundaries; the neglect of the three-point Political, Military and Economic Democracy; departure from the (liberalisation) mass line; doctrinarism, and formalism, "which estranged the Army from the people and from the local Party and Government organs, oblivious of the fundamental characteristic of the People's Army, wherein relations of fraternity and equality are necessary." On the contrary, said the Vice-Minister, officers

THE BASIS OF LIGHT INDUSTRY IN CHINA

IV. FULFILMENT OF THE FIRST FIVE-YEAR PLAN, 1953-57: TEXTILES AND FOODSTUFFS

By Professor E. Stuart Kirby

(NOTE: For preceding articles in this series, see FAR EASTERN ECONOMIC REVIEW, of March 28, April 11 and April 25, 1957, No. 13, 15 and 17 of Vol. XXII).

A. TEXTILES

39 large cotton mills were to have been built in the plan period; construction or expansion of 28 of these, reportedly, had been completed by 1956⁽¹⁾. Of these, the "newly built State mills with modern equipment" are listed as 17 in number, as given in Table I below; some of the rest may be old mills expanded, or ones which are not modern, but there appears to have been some shortfall still to be made up in 1957.

TABLE I
New modern State cotton mills⁽²⁾

Location	Name	Number of Spindles (000)	Looms	Began operation in
North China	Peking No. 1	51	1,100	1953
" "	" " 2	125	2,400	1955
" "	" " 3	125	2,400	Due 1957
" "	Shichiahuang No. 1	50	1,000	1954
" "	" " 2	100	2,500	1955
" "	" " 3	100	2,300	1956
North West	No. 2	51	2,000	1953
" "	" " 3	50	1,000	1954
" "	" " 4	127	3,000	1956
" "	" " 5	127	3,000	Due 1957
Central South	Chengchow No. 1	50	1,500	1954
" "	" " 2	20	800	1953
" "	" " 3	130	3,000	1955
" "	" " 4	130	3,000	Due 1957
" "	Hsiangtan No. 1	50	1,000	1954
" "	Kiangsi	50	1,500	1954
South West	Chungshing 601 (automatic weaving mill)		522	1953
TOTALS:		1,386	32,040	

The plan had called for the installation of 1,650,000 spindles and 47,000 looms by 1957, bringing China's totals to 7,310,000 spindles and 113,100 looms.

It was stated at the end of 1956 that investment for capital construction in the textile industry had risen in 1956 by 63% over 1955, and another 16 mills with a total of a million spindles and 28,000 looms were being built, of which

pay only lip service to the ties with the people. This seemed directed not only at the doctrinaires among the political officers but also at the higher military officers who are hardly likely to relish free discussion in the ranks.

the four major ones in Peking, Sian, Chengchow and Shichiahuang would soon go into production⁽³⁾.

TABLE II (4)

Installed spindleage (millions)			
1952	: 5.66	1955	: N.A.
1953	: 6.00	1956	: 6.81
1954	: 6.30	1957 (Plan)	: 7.31

In addition to these new cotton mills, 10 other projects, including 2 textile machinery plants, 1 printing and finishing works, 4 flax mills and other textile raw-material plants, and 1 silk-reeling mill, were reportedly completed by the end of 1956⁽⁵⁾.

Production reportedly increased very much, and is claimed to be a year ahead of the target. In terms of value of total output, the 1953 plan was fulfilled 104% and the 1954 plan 103%, (according to State Statistical Bureau statements, September 13 and 21, 1954 and 1955). But plans for 1955 were not fulfilled. Nevertheless, it was announced by the Textiles Ministry that a great spurt was made in the year ended October 31, 1956, and China had at that date exceeded the target for 1957, the end of the whole plan.

During that prodigious year (November 1955—October 1956), it was stated, quantitative outputs were as follows:

Cotton yarn	5.148 mn. bales
" cloth	5.765 " metres
Woolen "	12.0 " "
Linen "	18.3 " "
Silk "	69.0 " "
Gunny bags	77.0 mn. "
Knitwear	0.132 " tons ⁽⁶⁾

TABLE III

(a) Output of cotton yarn and cloth (excluding handicraft products)⁽⁷⁾

	Cotton yarn (000 bales)	Cotton cloth (000 bolts)
1952	3,618	89,273
1953	4,104	107,794
1954	4,598	122,331
1955	3,968	103,220
1956	5,150	176,860
1957 (Plan)	5,000	163,721

(b) Index Numbers

	Cotton yarn	Cotton cloth
1952	100	100
1953	113.4	120.7
1954	127.1	137.0
1955	109.7	115.6
1956	142.3	198.1

1954 as % of 1953	112	113.5
1955 as % of 1954	86.3	84.4
1956 as % of 1955	129.8	171.3

Shanghai, still predominant, with 80 State owned and joint public-private mills and finishing plants, and one-third of China's spindleage, claimed completion of the plan 14 months ahead of schedule, having produced (from 1952 to October, 1956) nearly 5.4 mn. bales of cotton yarn and 3,100 mn. metres of cloth. For the year 1956 alone, it claimed over 1,790 mn. metres of cotton cloth, an increase of 60% over 1952. High grade woollen fabrics also reportedly totalled 5.4 million metres; seven times that of Shanghai in 1952, (which was very low) and some 60% of the target for the whole country in 1957. It is notable that dependence on Shanghai continues to be very marked⁽⁸⁾.

These increases are largely ascribed to increases in labour productivity—which Communist propaganda presents as a main cause of the superiority of Socialist results. In this also, the Shanghai textile industry claims special credit. Labour productivity rose 15% generally there by 1956, as compared with 1953, but 33% in the joint State-private mills. The latter figure is the same as what was claimed for the preceding period 1949-52.

Great play has latterly been made, also, with the contribution of the Shanghai textile industry to State capital formation: the profits of 20 State cotton mills, alone, in 1953-56, it is stated, were sufficient to finance the construction of a plant like the Changchun Automobile Works⁽⁹⁾.

This type of Socialism, of course, enables such driving of the workers, forced saving and investment, pegging down of wages and exaction of surplus value from the proletariat, as are hardly dreamed of by modern capitalism. One wonders what workers anywhere outside Communist lands would have said (and done) about a 65% forced rise in output per unit of labour over about five years. One wonders less that such shortcomings, difficulties and protests arose; before the end of that process, that the authorities are obliged to order an easing-up, in many respects, of the process of heavy-industrial accumulation.

Silk

Natural calamities severely affected silk-cocoons, and the output of silk piece-goods in 1953 and 1954 was lower than that of 1952. But in 1956 the output of Chekiang silk textiles, one-third of China's total, reached the 1957 target a year ahead of schedule; Chekiang's production for domestic consumption increased 300%, and that for export 80%, by 1956, over 1952⁽¹⁰⁾.

Textile Machinery

China's manufacture of textile machinery also enters big claims. In 1953, only 200,000 spindles and 8,000 looms were produced, but up to the end of 1955, 2.3 million spindles and 60,000 looms had reportedly been produced, and the goal of self-sufficiency in this respect was declared assured⁽¹¹⁾.

Agricultural raw materials

All the above depends vitally on the basic raw-material situation. Home supplies of cotton were reportedly increased some 20% in the period 1952-56, and there was some success in increasing the other textile crops also.

Owing to "natural calamities" the cotton crops in 1953 and 1954 were lower than in 1952. In 1955 measures of encouragement were applied, e.g. by giving 10% of the State purchasing price, on the average, in advance, and there were also favourable natural conditions, with a record crop of 1.518 million tons, about 16% above 1952, and some 96% of the target for 1957. In some localities, natural conditions were not so good in 1956, but nevertheless an increase was reported⁽¹²⁾.

TABLE IV

	Raw cotton production	
	(000 tons)	(index)
1952	1,304	100
1953	1,187	90
1954	1,065	82
1955	1,518	116
1956	1,540	118
1957 (Plan)	1,635	126

The other textile materials were similarly hit by natural calamities in 1953 and 1954, and similarly recouped to some extent. The shortfall in hemp and jute is especially marked.

TABLE V

	Output (in 000 tons)				
	1952	1953	1954	1955	1957 (Plan)
Wild silk cocoons	61.1	12.3	25.7	63.8	61.8
Domestic silk cocoons	62.2	59.3	65.11	67.0	
Hemp and jute	305	138	137	257	365

State purchase and rationing

A directive was issued by the Central Financial and Economic Committee on March 23, 1954 on the advance purchase of cotton, ramie, jute, hemp, silk cocoons, raw silk and wool, following which the planned purchase of cotton, and planned purchase and supply of cotton cloth, was announced by the State Council on September 9, 1954. Tseng Shan, Vice-Chairman of the Committee of Financial and Economic Affairs reported that, due to the 22.3% increase in spindles and 26.5% in looms by the end of 1954 as compared with 1949, and increased average annual per capita consumption of machine-made cotton cloth from 11.99 feet in 1950 to 23.8 feet in 1953, production of cotton in a planned and proportionate manner and national distribution of all cotton cloth under State plan were extremely necessary. This was, according to Tseng, an important policy of the State, but a very complicated and difficult political task.

The order provided that all peasants who grew cotton should sell all of it to the State, at the purchasing price fixed by the State. All cotton cloth, whether produced by State or private mills, should be bought by the State; and purchase by each person was limited to between 27 feet and 13 feet, according to locality⁽¹³⁾. Woollen, silk or linen textiles were not thus restricted.

Exports and Imports of Textiles

For foreign policy reasons, cotton cloth as well as silk and woollen fabrics have become important items of export from Communist China. Prior to 1954, cotton textiles were not an important item of export, but in the trade agreements reached since then with Indonesia and Burma, they prominently figured.

According to official reports, a considerable portion of cotton textiles, including cotton cloth, bed sheets, table cloth and towels was said to be used for export. In 1953 a total amount of 500,000 square yards was exported to Singapore, but in the year 1954 this increased to 2,000,000 square yards. In 1955, cotton cloth transhipped through Hongkong to South East Asia averaged more than 200,000 bolts a month, with the year's total estimated at more than 3,000,000 bolts. By 1957, it was planned to export more than 5,000,000 bolts.

Raw cotton has been imported—by the State only, of course. Home production of cotton in 1952 was claimed to represent the level of self-sufficiency. In 1953 and 1954, output declined because of natural calamities, and the import of raw cotton from Pakistan, Egypt and Syria since

1954 has greatly helped to fill the gap between effective demand and supply at home. According to the official reports, China imported more cotton from Egypt during 1954 than in previous years. In 1955, imports of raw cotton were estimated to be at least 200,000 tons.

In the present condition of cotton production in China, self-sufficiency in raw cotton for domestic requirements would seem to be beyond real expectations. Imports of cotton are likely to continue for a considerable time to come. Although the First Five Year Plan called for an increase of cotton to 32.7 million piculs by 1957, this target could hardly be fulfilled under the present circumstances.

B. FOODSTUFFS

Food processing work looms large in the light-industry sector of China. It represents one-fifth of the output of consumer-goods in the country, by value.

The First Five-Year Plan devoted relatively minor attention to it; but even this minor allocation appears to be largely unfulfilled. Of the 34 food processing enterprises scheduled to be built under the Plan, few were completed in the first four years, and those were very largely sugar refineries. The plan scheduled the building of 18 sugar refineries, 9 meat-packing plants, 1 oil mill, 3 salt refineries, 1 fruit juice plant, and 1 flour mill. Up to the end of 1956, 12 sugar refineries with an output capacity of over 20,000 tons each were reported built or reconstructed; another 10 are still under construction, of which 6, with a combined production capacity of 200,000 tons of sugar, are to be operating in 1957⁽¹⁴⁾. There are now 80 sugar refineries (in Kwangtung, Kwangsi, Fukien, Szechuen, and Heilungkiang).

A new development somewhat stressed has been the establishment of scores of dairies in Inner Mongolia and Heilungkiang—an activity hardly likely to be basic, from the point of view of the main mass of the Chinese population. Some large number of vegetable oil refineries, and a new industry of oil and tallow chemicals with an input of 200 tons of raw materials a day are also mentioned⁽¹⁵⁾.

Obviously, the fortunes of the food-processing industries fluctuated directly with agricultural conditions. The poor years 1953 and 1954 left their mark.

Rice and flour

Despite the poor harvest conditions of 1953-56, the gross output of rice was reported to be 4% over 1952; from 4.6 mn. hectares under double-crop, just over 78 mn. tons was claimed in 1955, an increase of 11.5% over 1952, or 36% over the pre-war peak (1936) of 57,341,000 tons. A further increase, to 84 mn. tons, was claimed for 1956, despite less favourable conditions.

TABLE VI

Rice output (000 tons)⁽¹⁶⁾

1952	68,426	1955	78,024
1953	71,272	1956	84,000
1954	70,851	1957 (Plan)	81,770

The output of flour was reported to have been greatly raised, with improved equipment generally and the establishment of five new flour mills in Tsinghai, Sinkiang and Honan. In the year 1955, flour output reportedly almost fulfilled the 1957 plan target, already reaching 4,514,000 tons, or 54% above 1952; the 1957 plan target being 4.67 mn. tons, or 56% above 1952. In 1956 it was however less, at 4.31 mn. tons⁽¹⁷⁾.

Wheat represents only about 13% of China's food production (cf. rice 42%). Despite the serious floods, a record output was reached (23.33 mn. tons, 28.7% above 1952: cf. previous record of 23.30 mn. tons in 1936). In 1955, it fell back to 22.3 mn. tons, but bumper crops were reported for 1956, at 25 mn. tons, or 7% above the pre-war record. Flour output has not moved upward proportionately to wheat production, and was somewhat short of the plan, at the end of 1956.

TABLE VII
Flour and wheat production⁽¹⁸⁾
(mn. tons)

	Flour	Wheat
1952	2.99	18.123
1953	3.44	18.281
1954	3.75	23.332
1955	4.51	22.965
1956	4.31	25.000
1957 (Plan)	4.67	23.725

Sugar

Among sugar plants newly built in 1953-56, the Tszenei (Kwangtung), Paotow, Chiamussu, New China, Na'kiang and Kwangsi factories are the largest, each with a capacity of 20-30,000 tons p.a. Four smaller ones—Chingyuan, Hsin-chao, Lungtong and Canton No. 1—are next in order of significance, according to the 1956 "People's Handbook" published by Ta Kung Pao, Tientsin.

In Kwangtung, there are now five big State sugar mills, 22 local state mills and over ten thousand small scale handicraft shops; and there are five big beet-sugar mills in the Northeast. Within the last four years the newly built and expanded sugar factories have increased their milling capacity by 250,000 tons, according to the official report⁽¹⁹⁾.

The Five Year Plan 1957 target for sugar production was 1.1 million tons, including handicraft production. By 1956, output of sugar in China reached 870,000 tons, which was twice as much as in 1952. Machine-made sugar was said to have increased by 1956 to 520,000 tons or 110,000 more than in 1952; the plan was expected to be fulfilled in 1957 with 1.1 mn. tons, of which 0.8 mn. would be machine-made.

TABLE VIII
Sugar output (000 tons)⁽²⁰⁾

	Machine-made	Handicraft	Total
1952	249	202	451
1953	298	300	598
1954	347	220	567
1955	410	256	666
1956	520	350	870
1957 (Plan)	686	414	1,100

The area under beet was increased relatively more than that under cane in the 4 years 1953-56; by 1956, the former was 3.3 times more than in 1952, the latter double. Sugar cane production increased 60% in 1953-56, but the production of beets increased 300% in that period⁽²¹⁾. Yet the result is far short of the plan.

TABLE IX
Production of Sugar cane and beets (million tons)⁽²²⁾

	Cane	Beets
1952	7.21	0.48
1953	7.22	0.50
1954	8.59	0.95
1955	8.11	1.60
1956	9.31	?
1957 (plan)	13.18	2.14

Edible vegetable oils

Unlike sugar, food-oil refining during the first four years of the plan did not show much increase in production. This was due to the under-supply of raw materials caused by natural calamities, and to poor production capacity. Targets for oil and fat production in the period 1953-56 were not satisfactorily fulfilled, according to the official Chinese Communist reports. In some areas, production tended to decline instead of increasing.

Efforts were made to increase vegetable oil production, through "active learning and advanced experience" in oil-extracting methods, but production was said to be far from achieving the goal. Output in 1953 showed a 23% increase over 1952 and increased a further 6% in 1954. In 1955, however, production declined. In 1956, it improved slightly, but was only 21% above 1952⁽²³⁾.

TABLE X
Output of edible vegetable oils⁽²⁴⁾

Year	Total output (000 metric tons)	Of which:	
		Machine-made	Hand-made
1952	983	724	259
1953	1,230	890	340
1954	1,300	940	360
1955	1,400 (plan)	900	—
1956	—	910	—
1957 (plan)	1,794	1,552	242

The gross output of peanuts, rapeseed, sesame and soya bean crops was 8.7% higher than that of 1953. In 1956, the soya bean crop might have been adversely affected by natural calamities in Manchuria; figures for the others are not given.

The Government tried to increase the yield per hectare by improving the farming methods, to extend the acreage, and also to enforce the planned purchase of oil seeds. But results fell short of the requirements for domestic consumption and exports. The Five Year Plan envisaged an increase of the total area sown to oil seeds by 37.8%, from 5.7 million hectares in 1952 to 7.866 million in 1957, but the output of oil-bearing crops was far behind the target, according to the official reports.

TABLE XI
Major oil-crops (000 tons and 000 ha.)⁽²⁵⁾

Year	Soyabean		Peanuts		Rapeseed		Cotton seed output
	Output	Acreage	Output	Acreage	Output	Acreage	
1952	9,519	11,679	2,316	1,804	932	1,863	2,280
1953	10,100	12,362	2,127	1,775	879	1,667	2,140
1954	9,080	12,654	2,767	2,097	878	1,706	1,900
1955	9,121	11,442	2,926	2,268	969	2,338	(Est.) 2,360
1956	10,250	—	—	—	—	—	(Plan) 2,600
1957 (Plan)	11,220	—	—	—	—	—	(Plan) 2,860

Shortage and rationing

From the data given above, it is already clear that, despite considerable advances in production, the basic agricultural supply position remained uncertain and variable, and plan-fulfilment generally was very uneven, while the pressure on the people was extremely severe. It is easy to see the reasons why the cries of "ease up!" and "balance!" are now so strong, widespread and persistent that the People's Republic must largely heed them, and make major adjustments—entirely comparable with what is happening in other parts of the Communist world.

A special feature in China is the size of the population, and its colossal rate of growth. Birth control is now being widely and officially advocated—in some contradiction to previous Marxist and Communist attitudes on the question. At the same time, with the restoration of internal peace in China after very many years of turmoil, domestic demand was enormously increasing.

Rationing was therefore applied to food grains, sugar and edible oils. The poor record in respect of edible oils appears clearly from the figures given above; but the outside world might find it surprising at first glance, in view of the large claims in respect of grains and sugar, to find that these foodstuffs were also rationed.

Rationing of food grains even came first. It was ordered on November 19, 1953, in the decree for the enforcement of planned purchase and planned supply of food, and for fixing prices for the purchase and sale of grain. At the end of 1953, edible oils and sugar were brought under the same form of State control. The rations are lower in rural areas than in urban areas. From November 1955, a new system was instituted for the rationing of food grains in cities and market towns; the ration varied in nine categories, according to occupation, age, and local usages in consumption, from 25 kilogrammes to 12.5 kilogrammes per year per person.

The next article in this series will present the corresponding data for the other light-industrial products, in the light of which further general conclusions will be attempted.

NOTES

- (1) NCNA, Report by Textiles Ministry, Peking, Dec. 11, 1956. (2) Cheng, "Analysis of 5 Year Plan"; FEER May 12, 1955 and Feb. 23, 1956. (3) South China Morning Post, Dec. 12, 1956; NCNA Dec. 11, 1956. (4) Jen Min Jih Pao, Dec. 17, 1956; FEER, July 19, 1956.
- (5) NCNA, Peking, Dec. 11, 1956. (6) South China Morning Post, Dec. 12, 1956. (7) State Statistical Bureau Report, 1954; The Five-Year Plan; Ta Kung Pao, Peking, Dec. 30, 1956.
- (8) Ta Kung Pao, Nov. 5, 1956; NCNA Dec. 26, 1956. (9) *ibid.* (10) Far Eastern Economic Review, Jan. 24, 1957. (11) Ta Kung Pao, Dec. 30, 1956. (12) Shih Shih Shao T'se, Jan. 6, 1957. (13) NCNA, Sept. 13, 1954; FEER, May 19, 1955.
- (14) Ta Kung Pao, Peking, Dec. 30, 1956.

- (15) Ta Kung Pao, Peking, Jan. 15, 1957.
 - (16) Jen Min Jih Pao, Jan. 8, 9, 1957.
 - (17) China Weekly, Vol. 17, nos. 214-5.
 - (18) China's Changing Map, pp. 70-77; FEER, July 26, 1956; NCNA Peking, Dec. 30, 1956; Jen Min Jih Pao, Jan. 8-9, 1957. (19) Ta Kung Pao, Jan. 15, 1957. (20) FEER, July 19, 1956; NCNA, Dec. 31, 1957. (21) China's Food Industry, (monthly in Chinese), Jan. 1957. (22) Report of State Statistical Bureau, 1954; FEER July 26, 1956; China Weekly Vol. 17, nos. 214-5, Feb. 11, 1957. (23) FEER, July 19, 1956, Ta Kung Pao, Jan. 15, 1957. (24) NCNA, Dec. 31, 1956.
 - (25) FEER, Feb. 23 and July 26, 1956; *ibid.* Jan. 24, 1957.
- (FEER = Far Eastern Economic Review).

PAPER MONEY IN MODERN CHINA (1900-1956)

By E. KANN

PART II

(3) THE BANK OF CHINA

From the flaming ruins of the Ta Ching Bank emerged the Bank of China, its direct successor. In May, 1912, Dr. Chen Chi Tao was delegated by the Republican Peking Government to reorganize the government bank. It was intended to capitalize the institution with the Government's contribution of 8 million taels, but this project was not realizable since the Treasury was empty. Under such circumstances Dr. Chen's mission was unfruitful. However, he did his utmost to prevent the authorities from flooding the market with more unsecured banknotes. The regulations of the Bank of China were promulgated by Presidential Decree of April 15, 1913.

During the turmoil between October, 1911, and February, 1912, panic, confusion and looting all over the country were the order of the day. The stockholders of the old Ta Ching Bank petitioned the Provisional Government and Nanking, and secured permission to continue business under the name of the National, or Republican Bank of China.[†] Accordingly, on February 5, 1912, the launching of the new institution was formally celebrated at Shanghai by a social function on the premises of the Ta Ching Bank, and the winding up of the old concern followed.* The Bank of China's head-office in Peking could not open before August 1, 1912, due to lack of funds. Its official inauguration was still further delayed if one may judge from the Presidential Mandate relative to the establishment of the Bank of China which was issued only on December 26, 1912. It had the following wording (in translation):

"Chou Hsueh-hsi, Minister of Finance, reports that the Bank of China, to be established by the Central Government, has now been formed, and branch offices successively established. He requests that, prior to the enactment of the rules governing paper currency, the demand notes issued by the said Bank be authorized as current throughout the whole nation, to be accepted in all payments on Government account and in commercial dealings; that ample amounts be kept in reserve to cash them; that as many exchange offices as possible be established to facilitate their circulation; and that as soon as the rules governing paper currency shall have been passed by the National Council and duly promulgated, they shall be conformed to; etc.

The function of the Bank of China is to regulate the money market of the whole nation—it is quite different from the nature of commercial banks. The Central Bank of the former Ching dynasty recklessly issued notes and accepted mortgages on properties, thereby destroying public confidence. Its blunders are glaringly evident. This time, as the Bank of China is but newly-formed, it should be its essential duty to emulate the established practice of the Central Banks of other countries in liberally providing a cash reserve and in strictly preventing all possible abuses. Its first essential step is to gain the confidence of the public, which will benefit the vitality of the nation and balance the vacillation of the money market. At the present time, when the plan for the introduction of paper currency on a large scale is not matured, the expediency to use first the demand notes above-mentioned is proposed with a view to regulating the money market and expediting the attainment of a uniform control. The request that they shall be accepted in making public and private payments is hereby sanctioned. When public confidence in the Government is somewhat strengthened, merchants and people will certainly be glad to utter them. Let the temporary rules framed for the issue and use of these notes be sent to the different Ministries and all the provincial Tutuhs and Civil Administrators for their information, and let a proclamation be published at places where exchange offices of the said bank have been established, calling upon the merchants and people to obey this Mandate."

The new regulations of the Bank of China provided for a capitalization of \$60 million, one-half of which was supposed to be supplied by the Government. However, then and some years later, the capital actually available from official and private sources did not reach \$10 million. Even

in October, 1928, the paid-up capital of the bank did not exceed \$19,760,000. At the close of that year it was raised to \$24,711,700, while on March 30, 1935, a new arrangement was concluded, in terms of which the Bank of China's new capitalization was fixed at \$40 million paid-up, of which one-half was contributed by the Government.

Despite its limited capital, the bank's business, from 1913 onward, expanded phenomenally, and by the close of 1915 it owned nearly 150 branches. The original regulations, approved by Presidential Mandate on April 15, 1913, consist of 30 Articles. Of these, Article 14 only deals with note issues, reading thus:

"The Bank of China is charged with the responsibility of issuing the national currency for the National Government."

While no detailed regulations are contained in the Bank of China's statutes, as far as these relate to banknotes, a provisional order from the Ministry of Finance is on record, same having been issued during the turmoil in December, 1911. It contained the following stipulations:

"(2) Banknotes issued by the Bank of China may be used for the following purposes:

- (a) To defray all land taxes, likin and Customs duties in all the provinces.
- (b) To purchase railway, steamship tickets, or postage stamps.
- (c) To pay salaries to all civil and military officers.
- (d) To pay for all expenses concerning government transactions.
- (3) Banknotes issued by the Bank of China shall be redeemable at the said bank in the district of issue, as shown on the notes.
- (4) Notes on the face of which two names are imprinted shall be redeemed at either one of these places without charging remittance fees.
- (5) Persons refusing to recognize these notes, or who attempt to discount them, shall be severely punished."

On December 25, 1912, a Presidential Mandate was issued promulgating the provisional regulations for the Bank of China and exhorting that the said institution, which was in a position to control the money market of the entire nation, should keep a large reserve and consider it its duty to attend to financial emergencies within the country.

During the first few years of its existence, the Bank of China had a comparatively small note circulation. This fact was due to the general distrust closely connected with the recent Revolution; furthermore, to the more than ample supply of all Chinese markets with paper money emitted by numerous private issues and forced circulation of military scrip; and also to the confusion which existed in connection with redemption by means of Mexican and various kinds of Chinese silver dollars. The appearance of the Yuan Shih-kai dollar in December, 1914, assisted in creating a basis for a uniform unit. By 1919, the difference between Chinese and Mexican dollars had disappeared on the Shanghai market, so that the doubts as to the right medium for redemption also was removed.

The Bank of China, notwithstanding its phenomenal growth, had to undergo many trials and tribulations, almost all of which were due to political conditions which were notoriously unstable and precarious during the first 25 years of the Republic's existence. One of the worst experiences the bank had to undergo was the forced issue of unsecured and irredeemable notes in 1915/16, mainly in Peking, as a consequence of the unsuccessful attempt on the part of President Yuan Shih-kai to become emperor of China under the dynastic title of "Hung Hsien". At the annual shareholders meeting of the bank for the year 1929, the chair-

[†] Vide "North China Herald" (Shanghai), February 11, 1912.

* In Changsha (Hunan) the bank styled itself for a while Ta Han Bank.

man stated that the amount of such unsecured notes aggregated 60 million Chinese dollars. The story of the subsequent Moratorium order of 1916 is so important and historically interesting that a special heading at a later stage is being devoted to its narration.

For record's sake the growth of the Bank of China's note circulation is indicated here. And it ought to be added that by the close of 1936 the bank's standing was so high that its paper money was willingly taken all over the country.

End of	Circulation	End of	Circulation
1912	\$ 1,061,636	1927	\$ 159,001,102
1913	5,020,995	1928	172,304,027
1914	16,398,178	1929	197,728,287
1915	38,449,228	1930	203,847,444
1916	46,437,234	1931	191,749,139
1917	72,984,307	1932	184,428,937
1918	52,170,289	1933	183,726,597
1919	61,680,068	1934	204,713,465
1920	66,884,103	1935	286,245,041
1921	62,493,340	1936	459,310,240
1922	77,766,029	1937	606,547,669
1923	80,986,712	1938	653,251,720
1924	89,978,582	1939	703,570,740 *
1925	127,061,462	1940	1,100,228,695 *
1926	137,421,345		

After 1935, existing government regulations demanded periodical monthly inspections by the Currency Reserve Board. These were carried out and published regularly. Of the 31 Board inspections undertaken between December, 1935, and June, 1938, all divulged adequate metallic reserves. These latter proved to fluctuate between 77.2% (high) and 61.7% (low), while the balance making up 100% was held in the shape of marketable securities. This businesslike attitude certainly was instrumental in enhancing the Bank of China's prestige; but, besides, the bank was fortunate enough to be guided by outstanding management, as is documented by names such as Chang Kia-ngau, Sung Hang-chang, Pei Tsu-yea, etc.

As will be recalled, the Bank of China, prior to 1928, functioned as government bank. With the establishment of the Central Bank of China, the Executive Yuan at Nanking (October, 1928) ruled that henceforth the Bank of China should be transformed into a specially chartered bank destined to finance international trade and dealing in foreign exchange. Thereupon the Bank of China opened branches at London, and Osaka, and later on also at Singapore, Sydney, Rangoon and New York. By the close of 1935, the bank maintained about 200 branch offices in China. Upon its reorganization in October, 1928, the bank's capital was fixed at National \$40 million, of which the Government contributed one-half.

No more figures were officially published after revealing four government banks' circulation as of June 30, 1940. Undoubtedly the totals have risen considerably during successive years. It will be recalled that the "China Incident" of 1937 turned into a prolonged war with Japan, in the course of which the Chinese Government had removed its seat to Chungking, in Szechuen Province. Subsequently, the head-offices of the government banks were moved there, and publication of circulation figures ceased after June, 1940.

At about the same juncture, the issue of fiat money by the Bank of China and the other official institutions, as far as North China and Inner Mongolia were concerned, had to cease altogether. While this meant a contraction of the Bank of China's note circulation in one direction, it must be recalled that the issue in the unoccupied portions of China grew fast, so that on balance the quantity of paper money placed on the market by the Bank of China undoubtedly grew larger during the years 1940-1942. Already in July of 1939, the Shanghai office of the Bank of China refused to cash the notes emitted by its Tientsin and Peking offices, and marked accordingly. Hitherto these had been

redeemable at Shanghai at par. The reasons given for the abrupt change culminated in the statement that parties sent (on behalf of Japanese invaders) notes of the Bank of China and other government banks surreptitiously to Shanghai, in order to have them cashed there, using proceeds for the purchase of U.S.A. dollars and remitting such money out of China.

At the beginning of 1942, the Shanghai office of the Bank of China (and its three confreres) had to cease doing business there. However, its notes continued in circulation, side by side with the notes issued by the (puppet) Central Reserve Bank of China. Such conditions prevailed until June 21, 1942, by which time the value of the "fa-pi" dollar (Chinese legal tender), the currency of the Chinese Nationalist Government temporarily domiciled at Chungking, had, after being decreed by the Japanese invaders lower and lower, fallen to a ratio of 2 fa-pi dollars equal to 1 C.R.B. (Central Reserve Bank). After a period of one month, during which all fa-pi money at Shanghai and vicinity had to be exchanged against the new (puppet) C.R.B. notes at the ratio of 2 to 1, the circulation of Bank of China notes in Central China was completely banned. Similar measures were adopted regarding the Bank of China's issues for South China, so that by December, 1942, the note-issuing and circulating rights of the Bank of China ceased as far as the Japanese occupied districts of China were concerned.

In 1932, upon the foundation of the Central Bank of Manchou, (opened for business on July 1) the note-issuing privileges of the Bank of China in Manchuria had ceased. But nevertheless, in the course of succeeding years, the bank's circulation figures mounted considerably in China, Proper.

Under date of May 27, 1942, the High Command of the Japanese Army and Navy in the Shanghai Area published a proclamation, in terms of which the Central Bank of China's, as well as the Farmers Bank of China's Shanghai offices were to be closed and liquidated. In regard to the Bank of Communications the said proclamation stated:

"In order to maintain stability of the financial circles in China, lenient measures will be granted to the Bank of China and the Bank of Communications. These two banks will be permitted to resume business after completing necessary re-organization, such as the severance of their relations with Chungking elements. Concrete steps for re-opening of these banks shall be decided upon through consultations with the National Government of China."

Simultaneously, the Japan-sponsored puppet Chinese authorities, sitting in Nanking, published the following Decree:

"In view of the further decline in the value of the old fa-pi, which is threatening the peoples' livelihood, the National Government of China has decided to deprive old fa-pi of its legal status as currency in Shanghai, Nanking and other areas in Kiangsu Province, as well as Chekiang and Anhwei Provinces."

The Minister of Finance of the Nanking puppet Government declared that henceforth only Central Reserve Bank notes will be considered as legal tender in the aforementioned districts. However, exchange of old fa-pi against C.R.B. notes will be permitted at the ratio of 2 to 1.

The puppet Central Reserve Bank of China actually undertook to redeem the Bank of China's notes in Shanghai, Central and South China, at a ratio of 2 to 1 and really completed its undertaking by the end of 1942. In this way was the note circulation of the Bank of China eliminated from Manchuria, Mongolia, North China, and the occupied parts of Central and South China. But its paper money continued to be current in the areas of "Free China".

The forced re-organization of the Bank of China in Central China, with head office at Shanghai, implied that the bank's original capital of \$40 million fa-pi dollars, was now automatically reduced to \$20 million C.R.B. dollars. Seemingly, the North China branches were unconnected with the Shanghai head-office.

* As of June 30.

A rival Bank of China, theoretically the legitimate institution, with head-offices at Chungking (East Szechuen) continued to function and to maintain many branches in "Free China" when the year 1945 was ushered in.

The denominations of fiat money circulated by the Bank of China until the end of 1942 ranged from 5 cents to \$1,000. Notes for 5 cents were issued mainly in Manchuria, and there to a small extent only. But 10, 20 and 50 cent denominations were rather common. Manchuria needed fiat money in small coupures, because most districts there dealt in terms of "small coin dollars". Therefore one could observe such small fractional notes in Manchuria (chiefly at Harbin) already in 1914. It was in 1917 that the Chambers of Commerce in Paoting (Chihli), and also in Tsingkiangpu (North Kiangsue), requested the Bank of China to issue in their districts fractional notes in denominations of 10, 20 and 50 cents. Actual requirements caused the bank to circulate such subsidiary notes in many other areas. Dollar issues called for denominations of \$1, 5, 10, 50, 100, 500 and 1,000.

It now remains to cite basic regulations pertaining to the note-issuing privileges on the part of the Bank of China. In searching for such, we find that only Article XII in the Bank of China Ordinance, promulgated on November 22, 1917, relates to the note issue. As will be gleaned from the wording, rights and duties are only vaguely mentioned:

"Article XII. The Bank of China shall issue convertible banknotes, provided the Convertible Notes Ordinance shall have been observed. The Convertible Notes Ordinance shall be enacted by law. Before the above mentioned Ordinance is carried into effect, the said bank shall act in accordance with the Provisional Regulations that may have been laid down by the Minister of Finance."

During World War II, the Bank of China, with head-office in Chungking, published—at least up to the close of 1940—balance sheets from which the following figures relative to its note circulation can be gleaned:

End of 1938	\$ 711,825,000
" 1939	771,997,000
" 1940	1,562,080,000

When, in 1935, it was planned to convert the Central Bank of China into a Central Reserve Bank of China with a capitalization of 100 million dollars, the new regulations provided for that the latter should become the sole bank of issue, while the Bank of China was to become the country's leading bank for promoting and financing China's foreign trade. Active warfare (1937-1945) prevented the realization of the project, but by June, 1942, it was decreed by the legitimate Central Government, then in Chungking,

that the Central Bank of China should henceforth be the sole bank of issue for China. This signifies that, from then onward, the privilege of issuing banknotes by the Bank of China, as well as by the other two government banks, had to cease. Its notes remained, however, in circulation under the responsibility of the Central Bank of China, to whom the cash and security reserves against the note issue of the Bank of China had been transferred.

The Bank of China in Peking and Tientsin was taken over by the Communist Administration on March 15, 1949. It was instructed to work henceforth under the guidance of the Peoples Bank, the Communist Government institution. The Bank of China's functions were to comprise dealings in gold, silver, foreign exchange and remittances between "liberated" China and Kuo Min Tang-held territories.

Originally, the Bank of China was one of the four government banks. However, upon the occupation of North China and Shanghai by the Communist armies, it was nationalized by expropriation of all the shares; also those held by private individuals or corporations. In June, 1949, the Shanghai main office and the branches there were provisionally placed under the supervision of the Financial & Economic Bureau of the East China People's Army Headquarters, and the Peoples Bank, Shanghai.

Under the new order, the Bank of China was commissioned to deal with matters of foreign exchange, under the supervision of the Peoples Bank. The latter was not to deal direct with importers or exporters.

Once more, political exigencies caused the Bank of China to be split. All branches domiciled in Continental China came automatically under the rule of the Communist authorities there; as also did the Hongkong office. But Formosa, U.S.A., Cuba, Australia, Indochina, Japan and Thailand formed a second group under the identical firm name, but unconnected with the Continental aggregation.

The Bank of China on the Chinese mainland was taken over by the Communists on June 6, 1949. According to a statement contained in the Tientsin daily Ta Kung Pao of July 18, 1951, the Bank of China, at a meeting held on July 4, 1951, decided to capitalize the bank at J.M.P. 198,000,000,000. This seemingly huge capitalization in terms of Communist money was automatically reduced when Red China, in March of 1955, "consolidated" its monetary unit by striking off four zeros, i.e. by calling J.M.P. 10,000 one yuan.

(To be Continued)

ECONOMIC REPORTS FROM MANILA

The National Council of the Churches of Christ in America will install a new 100,000-watt radio transmitter to replace the present 10,000-watt station it now operates on the campus of Silliman University at Dumaguete City. Construction of the enlarged station will begin within a year. Its signal will reach not only the Philippines but Indonesia, Burma, Thailand, East Pakistan, India and other countries in this area. There will be no broadcasts beamed especially at Communist China.

The three largest Japanese steel firms will join in the development of the biggest iron mine discovered in the Philippines in the last ten years. The Yawata Steel Co., Fuji Steel Co., and Nippon Kokan will advance \$300,000 toward the mine development project which is expected to cost around \$5,000,000. The ore deposit is located at Sibuguey, Zamboanga del Sur, on Mindanao. It was discovered four years ago and preliminary development work has been going on ever since. Estimates of the amount of ore contained

in the deposit range up to 20,000,000 tons. When it gets into full operation in two and one-half years, it is expected to employ around 5,000 people and be one of the biggest iron mines in the Far East. Japanese engineers and technicians will be sent to the Philippines to assist in the development work and the ore will be shipped to Japan for smelting.

The release of an additional P1,000,000 from the sale of bonds for coal exploration and development work was recommended by the National Economic Council. The coal development projects are being carried out by the government's Cebu Portland Cement Co. in the Malangas coal mines and in other areas where coal is known to exist.

The Standard Vacuum Oil Co., now drilling for oil in the Philippines, first hole in the Cagayan Valley of northern Luzon reached a depth of 1,000 feet.

The recent drilling operations of Philippine Oil Development Co. in the Cagayan Valley showed "sufficient evidence

ECONOMIC LETTER FROM MANILA

The National Economic Council has been assigned by Malacanang to study the problem of how to assist the country's gold mining industry after the present subsidy law expires on June 30. One proposal that will be taken up calls for the government to buy the entire output of the local gold mines and add it to the country's international reserves. Some form of assistance to the gold mines appears to be imperative, since otherwise they probably would be forced to close down because of higher costs of labor, supplies and equipment. The industry has a capital investment of around P40,000,000; has some 25,000 stockholders; and earns an estimated \$10,000,000 annually in foreign exchange. Around 60,000 workers and members of their families depend upon it.

Expansion of the operations of Palawan Quicksilver Mines by the addition of a third kiln to the furnace plant

of oil and gas in the course of drilling to 10,414 feet to know that the area is not barren of hydrocarbons," Col. Adres Soriano told the company's stockholders. He added that the firm is now making preparations to drill a second hole on the same structure "and this time we are fully equipped to drill as far down as 18,000 feet if necessary." He added, however, that the base of the sedimentary column is not expected to be this deep. Col. Soriano said that aerial magnetometer surveys have been taken of other PODCO concessions in Leyte, Panay and southwestern Cebu and that these surveys are now in the process of interpretation. He noted also that PODCO has an option to participate to the extent of 33-1/3% in the development and production of the STANVAC operation now underway in the Cagayan Valley.

Consolidated Mines during last year had record sales of P20,155,037 worth of chrome ore, from which it realized a net profit of P8,291,228 after taxes. Dividends paid to stockholders also established a new high, totalling P7,593,845, as against P3,568,995 in 1955.

Philippine Air Lines had the most profitable year in its history in 1956 and enters 1957 with "excellent prospects for continued success and growth," Col. Andres Soriano, PAL president, told stockholders. The airline realized a net profit of P2,172,982 from transportation services; P2,577,490 from maintenance and other technical services; and P1,005,270 from the sale of flight equipment. The total net profit transferred to surplus was P5,223,832. At the end of 1956 working capital was almost P10,000,000 and the company's net worth was more than two and one-half times the paid-in capital, with the book value per share of stock at an all-time high of P25.54. During the year, cash dividends were declared for the first time, in the total amount of P1,320,000, of which P600,000, or 10%, was related to 1955 operations and P720,000, or 12%, was based on 1956 earnings. These dividends were equivalent to P1.00 and P1.20 respectively per share of stock outstanding. PAL carried a total of 387,773 revenue passengers in both the domestic and regional systems, an increase of 23.19% over the previous year. Revenue cargo transported amounted to 7,489,145 kilos, an increase of 6.7% over 1955.

Capital investment in new Philippine business ventures rose to P42,715,420 in January of this year, as against P22,849,349 last December, the Bureau of Commerce announces. The capital in January was put up by 602 firms; that in December by 229 firms. Mercantile investments still predominated in January, with 318 commercial enterprises putting up P19,243,043 of the total.

will be undertaken shortly by Marsman and Co., managers of the mercury producing firm. At the close of the company's very satisfactory operations in 1956, the mining company had known ore reserves of 405,000 tons, representing about P11,857,000 worth of mercury at current market prices. There are good prospects for expanding the ore reserve. An additional favorable factor for the company is that the U.S. Government Office of Defense Mobilization has extended through 1958 its purchase program guaranteeing a price of \$225 per 76-pound flask of mercury.

Prospects for large scale nickel production in the Philippines are tremendous.

Philippine exports of copra and coconut oil may set a new record in 1957, the U.S. Department of Agriculture said. It based the prediction on an expected increase in the Philippines' 1956 production of 714,505 long tons, oil equivalent. During the first three months of 1957, Philippine shipments amounted to 172,095 long tons, oil basis—5% greater than in the first three months of 1956. Prices of copra and coconut oil are expected to remain relatively stable.

Barter transactions under the No-Dollar Import Law will in effect be limited to Filipino nationals by the provisions of a recent circular of the No-Dollar Import Office. The circular states that barter transactions shall be limited to "bona fide producers" who must be either: 1. Owner and/or lessee of the property from which the commodity intended or destined for exportation has been produced; or 2. Person who directly participates in materially changing, converting or transforming the raw material directly into the product intended or destined for export. Most aliens who have been engaging in barter transactions do not have any primary participation in the production or processing of export products.

A new factory to produce carbonate and ammonium bicarbonate, first of its kind in the Philippines, will shortly go into production. The Central Bank granted to the Superior Gas and Equipment Co. foreign exchange of \$57,200 to buy machinery and equipment and a non-recurring allocation of \$8,400 to import raw materials and spare parts for the new plant. The factory will have a rated capacity of 2,700 tons annually. It is located in Manila.

Atlas Consolidated Mining & Development—Lower copper prices were reflected in earnings for 1956, which were US\$2.54 per block share, against \$1.25 for the initial 9 months of operations in 1955. Mill operations increased from an average of about 3,750 tons a day in 1955 to 5,792 in 1956; they recently were stepped up to almost 10,000 tons of ore daily and could go as high as 12,000. This increase in production is expected to reduce costs, which totaled 25-1/2c per pound of copper in 1956. The need to remove the overburden has been and still is a factor, but in due course the ore body will be more exposed and the average grade of ore delivered to the mill—only 0.75% in 1956—should improve. The minimum estimate of positive ore at Toledo is 41,500,000 tons of 1.025% copper content; including probable ore the estimated total is 83,533,000 tons averaging .904% copper. Earnings may continue to be relatively disappointing in the first half of 1957, but higher returns are likely subsequently. The Mati iron ore operations should add over \$0.50 a share to Atlas' earnings this year. The acid-fertilizer plant now under construction and the proposed copper wire plant will increase expenses in 1957, but good returns are expected over the longer term. Newmont Mining has a substantial interest in Atlas Com-

ECONOMIC DEVELOPMENTS IN THE PHILIPPINES

Pres. Carlos P. Garcia favors foreign investment rather than foreign loans to develop the country's economy. Loans will have to be paid back even if the business in which they are invested should fail or lose money. Foreign investment not only frees the government of this risk but also brings in needed technologists and know how, which otherwise might have to be brought in independently at great cost. Pres. Garcia means to continue the late Pres. Magsaysay's policy toward government in business—that is, that the government will enter only those fields which are too large for private industry or initially not sufficiently attractive to private interests. But the government will sell out to private interests as soon as it becomes possible to do so.

The Philippines will continue to buy about half of its imported foodstuffs from the United States in the foreseeable future, the U.S. Agriculture Department predicted. The years ahead may see shifts in the kinds of farm products the Philippine Republic buys, but little change in volume. Half of the annual \$60,000,000 to \$70,000,000 in Philippine food imports comes from the U.S.—some 8 per cent of it in the form of canned milk, processed meats and wheat flour. If a flour mill is established—and there is considerable pressure for one—wheat would be imported rather than flour. This could affect flour imports from the U.S. also, with the establishment of the two milk recombining plants, the Philippines will obviously take smaller quantities of evaporated milk from the U.S. On the other hand, increasing quantities of dry milk solids will be required by the country's new evaporated milk industry. Domestic scarcity of proteins will probably mean larger meat imports in future years. So, despite efforts to overcome production problems and diversify agriculture, no critical fall-out of food imports should occur.

In a word of counsel to U.S. firms in the Philippines, the department said: "The real answer to maintaining a good share of the Philippine market is quality. High-grade

food items, competitively priced and supported by aggressive sales representatives in the Philippines, can go a long way toward keeping up a trade relationship that for years has been important to both the U.S. and the Philippines." The department warned that various foreign suppliers have their eyes on the Philippine market. It noted efforts by the dairy industry of western Europe; competition from Canadian hard wheat flour and Australian soft wheat flour; possible Japanese processed fish competition; and efforts expected from meat canners and processors in Australia, New Zealand, Denmark and Argentina.

Plans are going forward for a new multi-million-peso airport on Mactan Island, opposite Cebu City. The project will be financed jointly by the Philippine and United States Governments and will be named for the late Pres. Magsaysay. To be set up as an international airport that can serve as an alternate to Manila, it will be able to handle large commercial aircraft, including Viscounts and modern jets, as well as military jets.

55% of total U.S. expenditures in the Philippines go to veterans and their families. USVA expenditures constitute 11% of the Philippine sources of foreign exchange. USVA is now paying P65,000,000 annually to veterans and their families.

The Secretary of Agriculture approved the application of Bislig Industries, Inc.—a Soriano y Cia affiliate—to exploit 132,680 hectares (331,700 acres) of forest land located in Surigao and Agusan, Mindanao. This forest concession, covered by pulpwood and timber license agreement No. 47, consists of 30,168 hectares of alienable land, 1,386 hectares of timberland, and the rest public forest. The minimum annual cut expected is 39,000 cubic meters for pulpwood and 39,000 cubic meters for sawn lumber. Cutting will be on the basis of sustained yield by selective timber management in order to preserve young growth of trees from unnecessary damage during extraction.

A partial ban on the importation of synthetic textiles and rayon fabrics was proposed by the local synthetic textile manufacturers. Their spokesman—J. Antonio Araneta, president of the Synthetic Textile Manufacturers Co.—said that the local mills might have to close within six months unless the Central Bank took preventive measures. He proposed that rayon, acetate and synthetic textiles should be given separate import classifications according to quality and type and that imports of the non-essential kinds should be cut by 50%. This reduction in imports would mean the banning of 30,000,000 yards a year, most of it coming from Japan and the United States. The local mills have a rated production capacity of from 30,000,000 to 40,000,000 yards a year, which would be enough to make up for the amount banned.

Directors of Lepanto Consolidated Mining Co. said in their annual report for 1956 that they expect 1957 to be another good year for the company. The company earned a net income for 1956 of P7,975,333, or 7.9 centavos per share; as compared with P7,200,743, or 7.2 centavos per share, in 1955. The 10% increase was due principally to a rise in gross revenues from the sale of concentrates. Out of the net profits of the past year the company paid out 6 centavos per share, or a total of P6,000,000 in cash dividends. The board reported that the company continued to be in excellent financial position at the year's end, with current assets 2.7 times current liabilities. Citing the recent declining world price for copper, the directors said that "indications are that prices may settle at a level not far

solidated, and additional developments in this connection are expected toward the end of May. While the outlook for copper prices is still of major importance, the block shares appear to be reasonably priced (at about 21 on the American S.E.) and merit full retention for their long-term speculative potentialities.

The recently issued annual report of Lepanto Consolidated Mining Co., oldest mining company in the Philippines, brought out the fact that the number of Lepanto shareholders increased last year to 3,556 and that there are now more non-resident than resident shareholders—1,898 of the former against 1,658 of the latter. However, the smaller number of resident shareholders own 84% of the total stock outstanding. The larger percentage of non-resident stockholders, despite the minority interest they hold altogether, shows that Philippine stocks of mining companies look attractive to many American investors—most of them modest investors, as may be seen by the total amount of stock they control. Were there no restrictions or were controls relaxed to encourage more outside investors to participate in the development of Philippine mines, there would likely be much more capital coming in to help finance local industry.

Northern Luzon Mining and Industrial Co. has manganese mining operations in full swing on its 4,400-acre claim in Cagayan. High grade ore there shows 84% manganese dioxide.

THE RICE IMPORT TRADE OF INDONESIA

I

Indonesia is an agricultural country which is comprised of an archipelago of rich and fertile islands like a gold chain in the tropics in South East Asia. When one tours in Java, Sumatra, Bali, and many of her other islands, one would certainly be struck by the beauty of the picturesque rice fields in terraces. Some islands such as Sumatra did not produce enough rice for their own population while others, such as Java before the World War, had even a surplus of rice; Java exported as much as 100,000 tons a year to other islands or countries. Although Indonesia or Dutch East Indies in colonial time had never been self-sufficient in rice, always importing certain quantities of rice yet it was not because the country was not fertile enough but because the Dutch economic policy was to develop the country along the line of 'export economy', exploiting the natural resources of petroleum, tin, rubber, copra, coffee seed, tea, sugar, tobacco, spices etc. for exports. From the economic point of view, that policy was justifiable because labour, land and resources devoted to those export commodities could obtain higher reward and produce higher national income than if those factors of production were diverted to the cultivation of rice for home consumption with the sole purpose of self-sufficiency. The World War stimulated the production of rice; the young Indonesian nation saw the need of having a so-called 'national economy', by producing more rice and other commodities for home consumption, instead of stressing too much importance on export commodities. Why is it then that for years after the World War, Indonesia had still to import large quantities of rice? Is it possible, or practical, that Indonesia will attain self-sufficiency in rice in the near future? What then are the fundamental problems of production and distribution of rice in the archipelago?

II

Productivity of rice per unit of land in Indonesia is on the average among rice producing countries in the tropics. But, as is typically the case of an under-developed country, productivity per unit of labour is low. The farmers with their wives and children labour hard on their little pieces of land. Cultivation is rather intensive. There is of course much virgin fertile land uncultivated, but lack of capital, movement of labour from country to town and other causes hinder the expansion of rice fields to a considerable extent. Method of cultivation and farming implements still remain primitive. To quote an extreme case, one can see in Bali Island that peasants use primitive wooden ploughs drawn by buffaloes in the rice fields, weed the field by hand and harvest the whole crop with small scythes; women and girls separate

the paddy grain from the stalk by pounding the wooden stick against stone basin and separate the husk from the paddy by the same pounding method. In many other places, running streams are utilised to turn small rice mills with the capacity of milling about one ton of rice per day. Throughout the country, irrigation was carried out mainly by means of a system of pipes from streams to the rice-fields. Higher productivity can be obtained and more land can be utilised if irrigation system is to be improved by building dams to retain water in certain parts of Java and Sumatra. Elaborate schemes of building dams have been drawn up but due to the lack of capital they have not been executed yet.

The Second World War had a devastating effect on agricultural production as a whole. Civil strife and political instability made it worse still, so that the immediate aftermath of the War saw the acute shortage of rice and other foodstuffs throughout the country necessitating the heavy import of rice from Burma, Thailand, Indochina and even U.S.A.

Although it is the expressed view of the government to grow more rice so that the country will be self-sufficient in foodstuffs, that aim is not likely to be attained within the near future. Irrigation system throughout many parts of the islands has to be improved, which means much capital investment. Even in the tropics, the natural rainfall is not enough to make the rice plant grow satisfactorily; much depends upon human effort in irrigation. Erosion and deforestation, consequent upon heavy felling of trees during the Japanese occupation, worsen the soil conditions.

Secondly, there is the unfortunate phenomenon of farm labourers flocking to the cities because of great political instability in the countryside. That will of course hamper agricultural production. Thirdly, population is increasing at a very high rate. In 1940 the population was estimated at 70.5 millions while in 1955, at 82.8 millions, showing an increase of about 12.3 millions within a short period of 15 years! In spite of the high infant mortality rate, the population is increasing sharply, owing to the much higher birth rate. A man, by his Islam creed, is allowed to have four wives. Marriages and divorces happen many times at an average man's life. This population trend is unfavourable to the country because there will be more and more mouths to feed while productivity of the country cannot be increased in the same space; under such circumstances saving and capital accumulation for new investment for the progress of the economy would be difficult. Fourthly, there is, after the War, a marked preference for rice by some of the poor people, who have a mixed diet of rice, maize, tapioca and sweet potatoes. Consequently, the demand for rice is increased.

Besides the problem of production, there is also the acute problem of distribution of rice. As Indonesia is comprised of a group of islands, transportation between islands is vital to the whole economy. The KPM Line, a Dutch concern, does not operate enough ships to cope with the situation and is reluctant to expand its business because of the strong Indonesian nationalism. At the same time, Indonesian enterprise, public or private, cannot take important responsibility of connecting these lands by ships. Even inland transportation in some islands is not good enough. Java had before the War fine roads and railway system, but they have deteriorated now. Thus the price of rice varied considerably from island to island, or even from one

from the present prices, and we believe that we can operate profitably under these circumstances."

Securities of Liberty Chromite Mining Corporation totaling P1,000,000 at par and constituting its entire authorized capital stock have been registered with the securities and exchange commission, which also issued the corporation a permit to sell shares within the Philippines. Liberty Chromite's vast mining properties in Palawan, covering an estimated 7,000 hectares, extend from kilometer 14 to kilometer 25 north of Puerto Princesa. The corporation, also acquired recently 600 hectares of mining properties in Giporles, Samar. These properties yield high-grade metallurgical chromite ore.

part of the island to another. For instance, Java had a rice surplus, while Sumatra, a rice deficit.

IMPORT OF RICE INTO INDONESIA FROM VARIOUS COUNTRIES

(Gross Weight in Thousand Metric Tons)

	Thailand	Burma	Indochina	Italy	U.S.A.	Others	Total
1934-38	31.3	85.0	33.1	—	—	130.3	280.2
1950	96.9	197.3	—	—	39.7	1.5	334.4
1951	186.2	202.2	59.3	—	58.2	23.0	528.9
1952	229.1	138.6	66.3	29.3	39.9	208.6	765.8
1953	55.0	222.5	36.7	2.4	50.7	1.2	371.5
1954	54.6	156.5	50.0	—	—	—	261.1
1955	38.6	87.1	0.6	—	—	.5	126.8
1956	139.9	259.1	1.1	84.7	55.3	54.8	594.9
(Jan.-Oct.)							

Source: Central Statistics of Indonesia—Origin mainly from Thailand.

IMPORT OF RICE INTO INDONESIA FROM VARIOUS COUNTRIES IN PERCENTAGE

	Thailand	Burma	Indochina	Italy	U.S.A.	Others	Total
1934-38	11.3	30.4	11.8	—	—	46.5	100
1950	29.0	59.0	—	—	11.9	0.1	100
1951	35.2	38.2	11.2	—	11.0	4.4	100
1952	29.9	24.6	9.0	3.8	5.2	27.4	100
1953	14.8	59.9	10.7	0.6	13.6	0.4	100
1954	20.9	60.0	19.1	—	—	—	100
1955	30.4	66.7	0.5	—	—	0.4	100
1956	23.5	43.6	0.2	14.2	9.3	9.2	100
(Jan.-Oct.)							

III

The above tables illustrate some interesting points:

(1) After the War, Indonesia had to import more and more rice till the high level of about 765,800 tons was reached in 1952. (2) However from 1953 to 1955, she imported less because of the higher production of rice, maize, tapioca and sweet potatoes. (3) Since 1956, she had to import more again and it is expected that she would

have to import around 700,000 tons during 1957. (4) Burma is the biggest supplier of rice to Indonesia; she gains a bigger share in the market. At present, however, Burma has already oversold in 1957 and is not in the position to supply Indonesia with much more rice.

Thailand, the second biggest supplier, has therefore more chance to sell to Indonesia this year. She could not compete well with Burma during the recent years because of several reasons. Firstly, Burma was willing to contract for a big sale in advance at a relatively cheap price—often, the price of Burmese rice was cheaper than that of Thai rice, if we compare the prices of two similar grades of Ngasein SMS and Thai white rice 25% broken. Secondly, Burma bought from Indonesia sugar, coffeeseed and other products, whereas Thailand bought only little coffeeseed from Indonesia, so that there is an incentive for Indonesia to import rice from Burma, other things being equal. Thirdly Burma was the first country to recognise the independence of the new nation of Indonesia so that politically there is a strong willingness on the part of Indonesia to trade with Burma.

Indochina cannot supply under the present circumstances of internal instability. Italy has not a big rice surplus; besides owing to the great distance the present freight rate from Italy to Indonesian main ports is as much as £8-0-0 per ton as compared to £4-0-0 from Bangkok and £4-10-0 from Rangoon. So it is likely that Indonesia will buy more from Thailand.

Import of rice is entirely monopolised or controlled by the Government. Open tenders are held now and then to call for biddings from commercial firms. But still the rice import business is a very intricate one and has been the hunting ground of many politicians.

— S. Y. LEE, M.Sc. (Contab)

“CONTRADICTIONS” IN CHINESE JOINT ENTERPRISES

Three of the major departments under the State Council took part in a discussion with some 60 representative industrialists, merchants and personages of the China Democratic National Construction Association who are also members of the National Committee of the CPPCC. A number of the industrialists and merchants at the forum expressed their dissatisfaction with the arrangements made for the employment of industrialists and merchants, and held that some problems were still unsolved. They said that the industrialists and merchants had been conscientious about their studies, and some of them suggested that the best thing to do was for the private personnel to study together with the State personnel and workers, as this would facilitate mutual help, mutual encouragement, and joint improvement. They expressed the hope that gradual improvement would be made in a number of joint enterprises where studies among the private personnel were not well led and basic teaching materials were short. Others, who were well informed of the condition of overseas Chinese, expressed their views on how to win over more investments from overseas Chinese in the Socialist building of the country. Those engaged in the medicinal and herb trades criticised the defects displayed by the State companies in their procurement of medicinal herbs.

The deputy director of the 8th General Office of the State Council, Hsu Ti-hsin, concentrated on the ideological re-moulding of the industrialists and merchants in their studies. He said they had made “marked progress,” and that there had also been a marked improvement in the relations between the State and the private side in joint enterprises. Indeed reports from

eight major cities and a score of provinces indicated that about 650,000 private personnel took part in Socialist labour emulations in the third quarter of 1956 and that 97,000 of them were elected outstanding workers.

He admitted, however, some “unhealthy phenomena.” Some were not enthusiastic in their work; some became self-complacent because they considered themselves to be a token of “wealth” while overlooking their negative character. These persons thought that the State representatives were not as good as they were in production operation and that they also knew much better than the worker masses in matters of technology and culture, a state of affairs which, it was suggested, testified to the existence of class contradictions, not to be neglected even if not antagonistic in character.

Chia To-fu, Director of the 4th General Office, admitted that joint enterprises were in some cases beset with difficulties because of the shortage of raw materials. He looked to the industrialists and merchants to utilise their previous experience in overcoming them. He also referred to the “benefits” of setting up management committees and the calling of workers’ representative conferences or general meetings of workers in joint enterprises, and asked all areas to try out these systems and gradually introduce them after acquiring some experience. Active measures should be taken to correct such defects as excess of forms and meetings, multifarious procedures, oversized staff, etc. Management should be streamlined and care taken to develop the activity of private personnel. Enterprises not yet merged need not be merged at all this year. Instances

of good relations increased while cases of bad relations decreased. In others, instead of openly quarrelling and mutual fears and discrimination, the State and the private personnel got along without trouble by simply not talking to one another. The director pointed out, however, that this attitude was entirely negative in character and he urged mutual respect, mutual consultations, and mutual criticisms in their future relations. But no real reply was made to the two questions asked everywhere on the industrial front: How can production be increased and labour emulations be launched when raw materials are short?

One conference after another has been held in Peking, as well as in various other centres, to try and put management of joint enterprises on a more satisfactory basis. They presented no problem whatsoever when run as private enterprises. The trouble is that the system then was much too simple and ignored the mass line. So the forum which concluded on March 29 decided that the gobbledegook of the CCP would alone furnish the key. So here we go: "The attending representatives suggested that, in addition to following the mass line and relying on the masses, joint factories in major and medium cities should be placed under classified management. The standard of classification should be mainly based on the scale of the factories, with consideration given to their existing foundation of management, technical conditions, equipment and methods of operation. The factories should be managed by the bureau of industry or the specialisation companies according to their different categories; those small factories which are large in number and are operated separately on their own account may be managed by united set-ups of management (i.e., central factories or primary companies). The united set-ups for management of small factories should form an efficient administrative machinery composed mainly of the State representatives as well as the private representatives and a small number of functioning cadres enlisted from the factories concerned. This administrative machinery will manage a certain number of small factories whose trade is akin to each other and which are near to each other. This united set-up of management may be stationed in a certain factory under its management, but State representatives and the administrative machinery in general should not assume any duties in the factory in question but should devote themselves to managing the factories under their care. The main task of the united set-up of management in relation to the factories under its management is to grasp the fiscal control, check up the way production plans are carried out, exchange experience, conduct political-ideological work, and solve the problems of various factories in co-ordination with the *chu* committees and the trade unions. The factories in provinces and autonomous regions should be managed respectively by the departments of industry, and the municipal, autonomous *chou* and *hsien* departments of industry; the task of managing the factories in administrative districts, autonomous *chou* and *hsien* would consist mainly in investigating the way production plans are fulfilled, strengthening fiscal control and political-ideological work in co-ordination with local party committees and trade unions.

"In view of the existing defects in industrial management, such as excess of tables, reports and meetings and multifarious procedures, etc., the forum studied how to simplify the tables, reports, meetings and organisational structure and define the prescribed rights of factories. The CPG Departments are studying the question of tables and reports. With a view to reducing the meetings to be attended by leading cadres of joint factories outside their factories, the forum proposed that the *chu* committees, departments of industry and municipal people's councils of major and medium cities designate their departments to make unified arrangement, reduce duplicate and unnecessary meetings and jointly call meetings where possible. Concerning the prescribed rights of personnel management and fiscal control, the forum laid down certain clear-cut rules after discussions. Certain rules that are too strict will be appropriately liberalised."

There is still another paragraph or so of this appalling gobbledegook, and it will interest many to know that this mass of meaningless and incomprehensible phrases represents the accrued wisdom of the best part of a month, for they began talking on March 5 and did not end till March 29.

Peking has made another minor concession to industrialists and businessmen in joint enterprises. They can now draw one-half to two-thirds of their salaries during long-term sick leave. A previous regulation last year granted free medical care for those who had investments up to 2,000 yuan. Hitherto the beneficiaries had only received 30% of their salaries during sick leave, which was much lower than the standard fixed for workers under labour insurance. All along the industrialists and businessmen have challenged the Communist class division, contending that they, too, are workers and mostly a great deal more important than most individual workers because of their exceptional knowledge and experience. Accordingly they expect at least equal treatment.

One of the compromises at present shaping up is the granting of more power to the local authorities in running enterprises, doubtless in return for a greater readiness on the part of the industrialists and businessmen to agree to "democratic management and supervision" by the Party and State and the Labour Union representatives. Hitherto the former owners and managers have been co-operating with the State side in these enterprises and while 650,000 of them joined the Socialist emulation system last year, nearly 100,000 earned the title of advanced workers and were awarded prizes.

The plenary session of the All-China Federation of Trade Unions last week indicated that a "workers' representative conference," sponsored by the local trade union, would probably be the suitable method for drawing the workers into management. This conference should be a supervisory organisation of the workers of a given enterprise. Between conference sessions, the local trade union committee would be responsible for convening the conference and supervising the management in carrying out State plans and the conference resolutions. Experiments in other methods of democratic management, however, can still be carried on and trade union leaders are urged to concentrate on this so as to devise the most suitable system.

RAILWAYS FOR BACKWARD CHINA

Both in the Old World and in the New World railways were the basic instruments of change and development. They are now opening up the backward areas of Western China after a very slow beginning. China's first railway was a mere toy affair of a few hundred yards, built in 1865 outside the Hsuanwumen in Peking for the amusement of the Imperial Court. It was soon dismantled under the Ching

Dynasty Army Commander's order on the ground that it scared the people. In 1876, a British merchant built a five-mile line between Shanghai and Woosung. This too was dismantled because of popular hostility. Then in 1881 came the line from the coalmining centre of Tangshan (Hopei) to Hsukechuang, where it met the Lutai Canal. This was extended in due course to Tangku, Tientsin and Peking and

from Tangshan eastward to Shanhaikuan and later to Mukden. The train was at first pulled by horses but a locomotive was added later. During the 80 odd years between 1865 and 1948, nominally 58 railways had been constructed in China, all trunk lines, with a total mileage of 16,000 miles; but only half of these were opened to traffic. Most of them were built and operated by foreigners, both Europeans and Japanese. They served mostly the thickly populated and coastal provinces. Railways in the vast hinterlands represented only about six per cent.

Since the Communists took over, railway engineers have built about 2,600 miles of new railways, restored 800 miles of track and extended the old railways by nearly 800 miles, while some 1,600 miles were built in 1956, a record total for any one year. Of the 21 new railways to be laid, in the first five year plan period, 14 have been completed as scheduled, including the following principal lines: Tsining-Erhlien line linking with the Trans-Mongolian and Trans-Siberian system; the Fengtai-Shacheng Line near Peking; the Litang-Tsamkong line opposite Hainan island in the south-west; the Paochi-Chengtou line; the Yingtan-Amoy line; and the Lantsun-Chefoo line.

The six lines under construction include the Lanchow-Sinkiang trunk railway to link up with the Soviet Turkestan and Siberian networks, the Paotow-Lanchow line, the Wuchang-Tayeh line, and the Hsiaoshan-Chuanshan line in Chekiang. Work on the Chantien-Tungkuan line starts before the end of the year.

Nine other lines are under construction ahead of schedule: the Neikiang-Kunming line, the Szechwan-Kweichow line, the Nanping-Foochow line in Fukien, the Tuyuan-Kweiyang line in Kweichow, the Lanchow-Chinghai line in the north-west, the Paotow-Shihkuakou line, the small branch line to the San Men Gorge on the Yellow River, and two other branch lines.

Track-laying over the Paotow-Shihkuakou line is under way. The Yangtze Bridge for rail and road traffic, linking the Hankow-Canton and Peking-Hankow Railways, is scheduled to be completed in 1959, but according to the present conditions will be completed before the end of 1957, two years ahead of schedule.

During the four years from 1953 to 1956, survey has been completed over 17,000 kilometres of new lines by the modern method of air survey. Rail construction is proceeding rapidly. Many more new railways will be built. Finishing touches have been put to plans covering some 9,000 kilometres (6,000 miles). These include the line from Sian in Shensi to Wuwei in Kansu; from Tsining in Chinghai to Many in Sinkiang; and from Golmo (the junction with the Lanchow-Manya Railway) to Lhasa, which is about 900 miles long. Aerial survey for the latter began in November 1956 and will be completed by the end of April this year. The lines scheduled for aerial survey include the railways from Chengtu to Hsichang in Szechwan, from Hankow to Sian along the Han valley, and from Kweiyang to Jungfeng in Kweichow. By the time these are built it will be possible to proceed by train not only from the coast to the foothills of the once remote Kunlun mountains in the west but from Peking to the Tibetan highlands.

The Chengtu-Paochi railway was built through most formidable and primitive mountain country at great trouble and expense. Its official opening (on the target date) was the occasion of colourful ceremony. But it was a long time before even one train a day ran on the line, and through traffic—its major motive—has even yet to begin. The line took four years to build and, as is the fashion in the Communist countries, it was finished one year ahead of schedule by a tremendous last-minute rush. Construction began on July 1, 1952 and was nominally completed on July 12, 1956.

But floods and poor construction compelled the re-making of many sections of the line.

People have been asking, somewhat impatiently, why through traffic has not yet begun. A reply to these critics was published in the important Communist periodical "Current Events." It was admitted that the whole line is not yet open to through traffic. It is explained that track-laying for a new railway "is only to pave a runway for trains." Still needed for formal business operation are water tanks, signal posts, ticket offices, platforms, and other traffic facilities, which would require about six months to complete under ordinary conditions. But the Chengtu-Paochi railway passes through a region of ravines and high ridges. In addition there were 178 places in which the engineering work was faulty and where the route was ill chosen. Hence the inability as yet to open the line to through traffic. Work is now going on intensively, mechanical equipment is being installed, and faulty works are being corrected. The section from Chengtu to Shanghsipa (220 miles long) has been opened to traffic. The section from Shanghsipa to Yangpingkwan (55 miles) is now open to passenger and freight traffic and the 170 mile section between Yangpingkwan and Paochi will soon be formally opened to traffic. It is estimated that by the end of the year or a little later it will be operating over the whole distance unless new defects are discovered, and the total distance covered in 40 hours.

By the end of 1956 Chinese construction gangs had pushed the new North-west trunk railway from Lanchow a further 125 miles towards its eventual destination of Urumchi, the capital of Sinkiang, in the second half of 1956. It is now at Hsiatung, within 75 miles of the Sinkiang border and about 500 miles from Urumchi, which city the railway is expected to reach in the middle of 1958. At Urumchi it will link up with the projected railway from the Soviet border. The progress during the winter was remarkable in view of the extreme severity of the climate. Biting winds and blinding, freezing dust-storms often made the conditions for the workers appalling.

The latest method of sinking bridge foundations in deep water without diving, which the Soviet engineers used in building the buttresses for the great railway-highway bridge across the Yangtze, is being applied to the construction of a new railway bridge spanning the Min River in Szechwan. Work on this bridge over the Yangtze tributary, which is 1100ft. long, began on January 4. The 530-mile trunk railway from Neikiang (midway along the Chengtu-Chungking Railway) to Kunming, will pass through this bridge, which was designed entirely by Chinese engineers. Some of the builders of the Yangtze bridge at Wuhan are engaged on its construction. The bridge is expected to be completed in the latter half of 1957.

Restoration work has been completed on the northern section of the Kweichow-Kwangsi Railway. This 200-mile section runs from Kinchenkiang in Kwangsi province to Tuyun, capital of the Puyi-Miao autonomous region in Kweichow Province. The Kweichow-Kwangsi Railway, which connects Tuyun with Liuchow, the Kwangsi railway junction, was built during the anti-Japanese war. But construction was so poor that only the southern section of the 300-mile railway up to Kinchenkiang was opened to traffic after the liberation in 1949.

The major new construction effort this year will be on the Paotow-Lanchow Railway, the second line leading from the west to the new industrial centre in the North-west. It is planned to lay sections with a combined length of over 200 miles this year so as to make the entire line available for traffic before the end of 1958. A 24-mile branch line to Chiangliuwan, near the Kansu-Sinkiang border, will

HONGKONG NOTES AND REPORTS

Land Value: Several large transactions of land were concluded during the past 4 months. A site of 14,000 square feet near Metropole Theatre, North Point, was bought by a contractor at \$143 per sq ft and later resold to an investor at \$175. Near the Taikoo Sugar Refinery, 110,000 sq ft were sold for about \$5.5 million (\$50 per sq ft). Two lots (4,300 and 2,500 sq ft) in the vicinity of Empire Theatre were transacted at about \$135.50 per sq ft. In West Point, 20,000 sq ft changed hands at \$75. Land in Tokwawan (Hung Hom) increased to \$65 and in Mongkok to the fantastic price of \$260 per sq ft. In Causeway Bay and Hennessy Road areas, one square foot now fetches about \$200. The trend of land price remains upward. It would seem that there is no end in skyrocketing land prices.

Entertainment Business: The Swan Restaurant and Night Club which opened last March in the newly completed Commercial House on Queen's Road Central went into liquidation last month. This is another illustration of incompetent management in restaurant business. Over \$100,000 were spent on interior decoration and furnishings which were auctioned off for only about \$20,000 to the landlord. It is expected to be reopened soon by new keepers. In North Point, the Mandarin Restaurant in Winner House has remained closed for several months. Bad business was given as the reason of closure. Many new restaurants however started business recently in this area including the swanky, large Majestic Restaurant and Night Club in the 15-storey Empire Building completed last month.

Two types of night-club plus restaurants now enjoy steady business. One group includes the expensive ones like Gaddi's and Maxim's designed to welcome only those customers with bulging pockets and stiff necks. The other type includes Paris, Metropole, Sky, Empire, Majestic, etc. which attract those with limited financial resources and unlimited energy. Big restaurants without dance music in the evening have lost pull on customers. In addition to paying for the band, many night-club restaurants spend from \$500 to \$1,500 a month to employ a girl singer; one well advertised singer charges \$60 per hour. Competition is growing but as long as there are tourists and local night birds, business is profitable—20% to 40% gross.

With more building along the thoroughfares and in entertainment districts, more restaurants and tea rooms are being opened. Many are the reckless investors in such businesses. People with some money to spend ask themselves, 'what better to do than to put it into a night club'; there are so many tourists coming to HK, most of them being US military personnel who have probably nothing more profitable to do than to waste their money away in 'cosy surroundings'. Instead of employing competent res-

taurant and club managers, the investors plunge themselves, with family and clansmen, into the new business and hope for the best in their essentially speculative hearts. Like in other businesses, the entertainment line is being 'overdeveloped' with the result that a large number of these businesses are either 'marginal' or below.

A short while ago there were hardly any juke boxes here. Slowly—though much behind the trend in other countries—the gold mine of a juke box in this cha-cha and rocknrolling era has dawned on investors, and now HK is flooded with these noise instruments. The owner takes 60% and the restaurant or any small corner shop gets 40% of the 'take'. In most cases the charge is 20c per record or 50c for three. As young Chinese appreciate more the rhythm of mambo and the wail of 'pure jazz', the juke boxes cash in on this rage, and the neighborhood suffers in silence. Juke box and rocknroll have penetrated deep into the rural New Territories—one can hear the blare in villages, next to the grunts from pig sties.

It has been reported that the owner who recently bought the Alhambra Theatre property is now negotiating with the theatre management to terminate the outstanding (2 more years) contract so that the site can be redeveloped; a 24-storey building is planned. Queen's Theatre in HK will also be pulled down in the near future. Pictures of Columbia and Warner Bros. now showing in these two theatres will, in future, be shown at Lee Theatre in Hongkong and Po Hing Theatre now under construction on Nathan Road opposite Alhambra. The owner of New World Theatre in Kowloon and New York Theatre in HK is to build another theatre on Nathan Road at the corner of Austin Road; it will be called London Theatre.

Air conditioned theatres offer relief from the hot weather at reasonable price. The only regrettable thing is that the "conditioned" air becomes stale after the first show and by the time when the last show is nearing the end, most theatres, especially those which switch off air conditioning units during the last hour, are filled with smoke and germs. Government should adopt measures to remedy the situation. Another point which local theatres should improve on is the time schedule for different shows. The 5:30, 7:30 and 9:30 p.m. shows are too close together.

Godown Business: Most local godowns reported good business since second half 1955. Recently, some godown companies predicted even better business in the near future on the assumption that lifting of embargo will bring more entrepot trade to HK. This optimism is shared by stock market investors; the strong demand for godown shares has been stimulating quotations to new highs. The apparent shortage of godown space since second half 1955 was caused by the large volume of transit cargo which reached here as a result of the unexpected boom in demand from SE Asia for Chinese and Japanese products during the 12 months ended June 1956 and the heavy inflow of metals from UK and Europe during the last quarter of 1956 and since beginning this year. Furthermore, local godown space last year was about 150,000 cubic tons less than before 1955 because many godowns had been pulled down to make room for multi-storey residential flats during 1953/54 when godown business was at its ebb. At present, total godown space is about one million tons: public godowns 680,000 to 700,000 tons and private godowns 300,000 tons. This tonnage should be adequate to accommodate the amount of entrepot business as well as the needs of local factories in the near future particularly in view of the fact that

link the Kansu-Sinkiang and Tsinghai-Tibet Highway for through traffic. The major project this year in the Southwest is the railway section of the Kweichow-Kwangsi line from Tuyun to Kweiyang. Within Yunnan province, rail traffic from Pischai to Hokow is scheduled to open by the end of the year. The piers of the great Yangtze double-decker railway and highway bridge have been completed and the bridge itself will be "basically" completed by the end of the year. As from February 1, this year, temporary services were opened on the Nuikiang-Tzukung section of the Nuikiang-Kunming Railway with one freight train and one passenger-freight train daily from each end.

metal imports are already on the decline and local dealers have not booked any substantial quantities during the past month. Further increase in demand for godown space is therefore unlikely. On the other hand there will not be any sharp drop in demand because increased local consumption of grain and other foodstuffs, coal, as well as rise in export of HK products will keep available godown space reasonably filled up.

Resettlement: The first 2 blocks of Lo Fu Ngam Resettlement Estate will be completed in June. One block will contain 70 flats and 60 of these will each have a kitchen, shower and toilet with a total floor area of 250 square feet plus a balcony of 30 sq ft; a monthly rent of \$45 inclusive of rates and water will be charged. The other 10 flats will have an additional room of 120 square feet and additional balcony space; an extra \$20 a month will be charged. These flats are for families now occupying accommodation of a similar standard on the site for the proposed Wong Tai Sin Resettlement Estate. The other block which is nearing completion and 6 more blocks to be constructed will have rooms of four different sizes: \$10 per month for rooms of 86 square feet, \$14 for 120 sq ft, \$18 for 152 sq ft, \$28 for rooms of 240 sq ft plus a private balcony of 33 sq ft. Construction work of these 8 blocks was awarded to Cheong Lee Construction Company last year by public tender for the amount of \$2.37 million.

Oyster, Shrimp & Fish Fry: During first three months this year, HK produced 426,000 catties of fresh oyster meat which were processed into 28,800 catties of dried oyster and 47,000 catties oyster sauce for export to US and 22,000 catties of semi-dried oyster for local consumption. Export of shrimps to US totalled 114,000 catties as compared with

400,000 catties during the previous quarter; US banned frozen shrimp imports from here during the quarter. Dealers here could not get enough carp fry from Canton owing to restrictions imposed by Chinese authorities; as a result, only 1,469,000 fry were shipped to Singapore, Bangkok, Taiwan and Laos.

Live Cattle and Hog: During Jan.-Mar. period, there was a 50% drop in cattle imports from China compared with the average for three previous quarters. In January a trial shipment of live cattle was imported from Australia. Total pig imports were 10% lower but whereas imports from China fell by 22%, imports from Taiwan up by 50%. Imports from Cambodia totalled 1,079 compared with 420 for previous quarters.

Water Supply: The water supply hours were extended to 9 hours daily on May 10; 6 to 10 A.M and 5 to 10 P.M. The Water Authority announced last week that there were about 3,000 million gallons in various reservoirs. This figure represents an increase of 2½ times over the total storage at this time last year and reflects how the new Tai Lam Chung Reservoir has benefited the water situation. Consumption however has doubled since last May. The average daily consumption last May was 21 million gallons; 40 million gallons now. A 100% increase in consumption although population has only risen by about ten percent! There is something wrong.

School Population: At the end of March, 333,031 children were studying in all types of schools representing an increase of 5,270 compared with the figure at end of last year. Two new primary schools (for 1,800 pupils) and one post-secondary college (500 students) are under construction.

INVISIBLE EXPORTS OF HONGKONG

By Ricardo

According to official trade statistics, our trade deficit has grown from \$72 million in 1950 to \$1,336 m last year. Imports ran at the high level of \$3,400 m to \$4,870 m annually. Invisible exports have much increased since 1950; importers here have booked commodities from Japan, UK, US etc. as there was demand for reexports. Trade figures do not include all cargo movements reported to Government by traders. Furthermore, export figures are compiled from fob values while imports from cif. This accentuates the trade deficit. The important question is not the reliability of trade statistics but the possibility of increasing invisible earnings from (1) goods shipped to China, SE Asia and beyond; (2) Sterling spent by British Forces here; (3) services provided by banks, shipping firms, insurance companies, air lines, dockyard and other harbour facilities; (4) inward remittance from overseas Chinese; (5) tourists including US forces visiting HK; and (6) mail order exports.

Illicit exports to China, SE Asia and elsewhere should remain at the present level; trade restrictions will continue to stimulate smuggling activities. No special increases are anticipated after the relaxation of the embargo on exports to China. Sterling spending by British Forces in HK will be lower in the future in view of the curtailed UK defence budget. Earnings from services provided by banks, shipping firms, air lines, insurance companies, dockyard and other harbour facilities might be unchanged. Inward remittance from overseas Chinese has declined since early 1955 and at best it might remain at the present level. Funds are leaving HK for Australia, North America (including

Canada) and other destinations because investment possibilities in HK are limited.

Prospects for growing earnings from tourist trade are bright. The Managing Director of HK Tours & Travel Service (Mr. Fred Clemo) stated, "We're now on the tourist's map in a big way. Time after time the American people told me how HK has stirred their imagination. I don't think most tourists even want to come to the Far East unless they can see HK." Colonel Clarence M. Young, President of the Pacific Area Travel Association, confirmed that this Colony has a great future in the tourist industry. The Commerce Department in Washington reported that during the first six months last year, 7,000 American travellers visited HK and spent about US\$3.5 million here "largely on goods imported duty free from other countries to HK." In addition to these visitors, HK last year had slightly over 120,000 US military visitors who spent a fortune in US\$ here. The amount of US\$ expended here by these civilian and military visitors probably exceeded US\$30 million last year. A Committee appointed by our Government to study the tourist trade recommended that a HK Tourist Association should be established to promote the tourist trade. The Committee will publish its second report soon and Mr. Clemo said, "I for one will press for a prompt decision in forming the proposed tourist association."

What worries travel agents and tourist trade experts is the lack of adequate hotel facilities in HK. Mr. Clemo estimated

that we must immediately increase hotel accommodation by 2,000 additional beds and at least 3,500 more later. Colonel Young also suggested that HK should have many more hotels in addition to qualified travel agencies to handle the growing trade. Promotion work is also inadequate and according to Colonel Young, tourists should be informed of places considered of interest to visit and HK should be presented to the US as only 15 hours from San Francisco instead of 7,000 miles away.

Compared with the frantic building boom in HK during the past three years, investment in hotels has been insignificant. There are only 15 so-called first class hotels with a total number of about 1,500 rooms. The acute shortage of hotel accommodation can be appreciated from the fact that not only the leading hotels here, viz. Peninsula Hotel, Repulse Bay Hotel, Miramar Hotel, Gloucester Hotel and a few others are fully booked but even the large ultra modern Peninsula Hotel annex now still under construction but nearing completion has all its rooms booked for the whole of 1957. Several large hotels are being planned but nothing has yet been confirmed. These plans include a hotel in the 26-storey Fu Centre with 400 rooms, a Henry Hotel at the junction of Jordan Road and Nathan Road with 70 rooms, another hotel in Kimberley Road and still another in Hennessy Road. Mr. Eric Cumine, a leading architect here, said that HK should have resort hotels with golf, fishing, swimming, tennis and other facilities to keep visitors here longer and to provide more attraction for tourists. Hotel charges here are too high, higher than in most other countries.

Hongkong's mail order exports boomed during recent years particularly in tailor-made men's and ladies' wearing apparel to US and the Pacific. This business is still growing and is

not only helping HK to balance the deficit in trade with the US but also stimulating local imports of British woollen textiles. However, local firms exporting tailor-made suits should be discouraged from malpractices in order not to bring adverse reactions from customers. At the end of last year it was discovered that unscrupulous exporters here had sent deceptive samples to private individuals in US. One fabric marked "All Wool—English Cloth" consisted of 50% cotton, 25% nylon and 25% wool while another shown as "English Cashmere" consisted of 100% wool by one analysis and 90% wool and 10% cashmere by a second. So-called "English Angora Cashmere" consisted of 40% wool, 30% cashmere and 30% camel hair with no angora at all. It was also alleged that Japanese cloth was offered as British. The US Federal Trade Commission warned that if this practice was not stopped, the American Congress would be asked to pass a bill stopping the mail order trade or by action under US postal law; US Post Office would return letters from HK containing these samples. No more such reports have been heard recently and presumably HK firms are more honest now—for their own good. A large portion of this mail order business was actually brought here by tourists who had visited HK and ordered their wardrobe from local tailors. These tourists, after returning to US, not only repeated their orders but also introduced friends to order from HK shops. An increase in the volume of tourist trade will therefore boost the mail order business.

The tourist trade, with all these benefits and apparently no disadvantages, justifies immediate action from Government and commercial sources. The building of more first-class hotels must not be delayed.

HONGKONG COMPANY MEETINGS

HK AND CHINA GAS CO. LTD.

Chairman G. E. Marden, presiding at the annual meeting held on May 6, stated: The coal gas plants on both sides of the harbour operated at capacity throughout the year. It was found necessary to step up production of carburetted water gas to meet increased demand. The quantity of coke available for sale was lower owing to its utilisation for water gas; the position improved as the new plant at Ma Tau Kok came into production in October. Jordan Road plant was dismantled and the remaining portions of the site are in course of transfer to the purchasers. At West Point the new water gas plant was brought into use and together with the old retorts operated at full capacity.

During the year we continued carbonisation of Japanese coal; for technical reasons, notwithstanding the favourable price at which the coal was contracted for, it is not entirely suitable. In any case, owing to the rise in freight rates its present cost would be prohibitive. We are using a type of Mainland coal which gives good results but we have refrained from long term commitments at present high prices. Fortunately there are definite signs of a decline in freights. Sales of coke and breeze declined substantially owing to our own needs, and whilst there was some improvement in tar sales this residual continued to accumulate to a somewhat embarrassing degree. Since the close of the year the position has improved further so that the installation of a processing plant has become less pressing from the physical point of view. Its desirability as a profitable operation, however, is being kept in mind. The demand for Town gas—coal gas, producer gas, and water gas in proportions

determined by capacity to produce and store within the daily variations of load—has steadily increased. A limiting factor was the restrictions on water supply and with improvement in this respect we anticipate a further increase in demand. During the year the actual deliveries of gas were 3.6% greater than in 1955; the increase for the first three months this year over the corresponding period in 1956 reached 11.3%. This consumption has been serviced by extending production, storage and distribution systems to their maximum capacities. The number of consumers increased by some 10% last year.

In view of the increased demand, an invitation has been extended to two qualified experts to advise us on the desirability of concentrating manufacture and its attendant problems including cross-harbour mains. In anticipation of a favourable report preliminary steps have been taken to acquire sufficient land from Government on which to erect the additional plant and official approval has been given to our purchase, if required, of an adequate site adjoining Ma Tau Kok works. With regard to financing these developments the extending of services may absorb an amount equal to the whole of the depreciation provision and the profit earned. Consequently finance for the new plant involved in the cross harbour plan can only come from sales of assets or from the raising of new capital in some form or partly from both. Our bankers unfortunately are not prepared to finance capital expenditure and local financial conditions are such that there seems little prospect of our needs being met except through further issues of ordinary shares. With regard to the Fixed Assets, the value of land has increased by some \$400,000 as a result of purchases at Ma Tau Kok to house the new holder of half a million cubic

ft. capacity. The Profit and Loss Account showed a somewhat reduced balance from Working Account owing to additional depreciation, wages and salaries and a sharply increased maintenance charge which has more than offset additional gas sales and reduced coal purchases. Despite this reduction the net profit for the year was \$80,000 higher than 1955 due to the lower incidence of taxation and the lower directors fees. \$5,164,984 were available for following appropriations: payment of a dividend of HK\$5 (6s. 3d.) per share of 255, 937 shares, \$1,279,685; bonus to Chinese and expatriate staff, \$166,484; transfer to General Reserve, \$640,000; transfer to Development Reserve \$2,344,226; carry forward, \$734,589.

At an extraordinary general meeting, the payment of £2,500 to Wheelock Marden and Co., Ltd. in consideration of the surrender by Wheelock Marden to the Company of their one-half interest was approved.

A.I.A. CO. LTD.

The annual meeting of American International Assurance Co. Ltd. was held on May 6, 1957. Chairman C. V. Starr reported: 1956 was another successful year for A.I.A. The Directors therefore recommend a tax-free dividend of 8%. New Life sales were 42% ahead of previous year. The total amount of ordinary Life Insurance in force rose 27% and the Life Premium Income 27% higher than 1955. Income from the invested funds of the Life Division was considerably higher than in the previous year and the mortality rate continued to be favourable. As a result, it was possible to transfer £127,712 from the Life Revenue Account to the Profit and Loss Account.

Results obtained by the General Insurance Division were better than during any previous year in the Company's history. Both Fire and Marine Insurance premiums were substantially higher than previous year. Loss ratios were favourable and operational profits, plus interest income from invested funds, made it possible to transfer £8,844 and £4,896, respectively, from the Fire Insurance Account and the Marine Insurance Account to Profit and Loss. The Company continued to limit its writings of Motor Car Insurance. This has caused a reduction in Casualty Insurance premiums. Motor Car loss ratios, however, have improved. With the sharp reduction in volume of this class of business, it was possible to take down a substantial amount of reserves. Results from other classes of Casualty Insurance were satisfactory. £19,323 were transferred from the Casualty Insurance Account to Profit and Loss.

Total transfers from Revenue Accounts to Profit and Loss amounted to £160,775. Deducting Directors' fees, a balance of £160,325 was carried to the Appropriation Account, which stood at £256,739 for: Life Contingency Reserve, £15,000; Superannuation Fund, £10,000; Dividend to Shareholders at eight per cent, £22,400; Balance to be carried forward, £209,339. The paid-in capital now stands at £280,000. This reflects the 33-1/3 per cent increase authorised last year. In view of the substantial amount of undistributed profits standing at £209,339 it would be helpful to again increase the paid-in capital. The Company's total assets now stand at £3,063,631, 29% higher than a year ago. Construction on the Company's Regional Head Office Building in Singapore is progressing satisfactorily. It will be ready for occupancy early in September.

At an extraordinary general meeting held immediately afterwards, a resolution was passed authorising the increase of the Company's capital from £280,000 to £350,000 by the creation of 140,000 new shares of 10 shillings each. A further resolution passed authorised that the sum of £70,000, being part of the undivided profits of the Company, be capitalised, such a sum to be applied in payment in full for 140,000 new shares of 10 shillings each, and that such shares credited as fully paid up be distributed among shareholders in the proportion of one new share for

every four shares held. The Chairman predicted that if present operating trends continue, the Company could pay at least a 6 per cent dividend on the increased capital.

Mr. F. E. Lintilhac, Executive Vice-President of C. V. Starr and Co. Inc. of New York, was elected Chairman of the American International Assurance Co., Ltd. Mr. Lintilhac succeeds Mr. C. V. Starr, who remains a member of the Board.

PEAK TRAMWAYS CO. LTD.

At the annual meeting held on May 22, Chairman W. A. Stewart stated: The net profit for the year ended 31st March, 1957 amounted to, \$398,787. To this is added \$61,241 brought forward and deducted \$33,787 for Corporation Profits Tax. The amount available for appropriation is \$426,241 (a dividend of \$5 per share on 29,500 \$10 fully paid shares, \$147,500; \$2.50 per share on 50,000 \$5 paid up shares, \$125,000; transfer to general reserve \$100,000; carry forward, \$53,741). By comparison with the previous year, total receipts were \$13,618 lower and charges were \$31,686 less increasing the net profit by \$18,068.

The total number of passengers carried during the year was 1,852,955 against 1,929,782 in the previous year—a reduction of 76,827. Consequently Traffic Receipts were lower by \$26,136. This was due to several factors—the suspension of service during the riots in October 1956, inclement weather during many week-ends and public holidays and partly by an adjustment in method of dealing with block ticket sales. This decline, however, was partly offset by an increase in other revenue of \$12,518. Construction of the new car was completed and it was put into service during February this year. The new car, which is mainly constructed of aluminium alloy, carries 72 passengers, an increase of ten more passengers carried by other type of car.

UNION INSURANCE SOCIETY OF CANTON, LTD.

The annual meeting will be held on May 24, 1957, Statement by Chairman, Mr. C. Blaker, reads: Although our overall premium shows a healthy increase the results reflected in our Revenue Accounts are less satisfactory than we had expected. The sequestration of British Insurance Companies' properties by Egyptian Authorities had little effect on our business. In the Marine Department, premium written increased by £172,782 to £3,585,944, while claims paid during the year accounted for 77% of the premium, as against 68% during 1955. The year brought its quota of marine casualties notable amongst which was the loss of the s.s. "Andrea Doria" but the bulk of our increased claims payments was accounted for by the incidence of partial losses. In particular, claims for hull repairs, because of the increased cost of labour and materials, continue to rise and this is a feature inseparable from Hull business in years when inflation is general. Following liquidation of certain old-standing claim liabilities, the Marine Fund, at 156% of the year's premium, is adequate to meet all outstanding liabilities and £140,000 has been transferred to the Profit & Loss Account. The Fire Department results, though profitable, have been adversely affected by those of Canada and U.S. Although there were no catastrophes in these countries of the proportions of the previous years, fire damage was higher; other contributory factors were increased acquisition costs and intensive competition. The premium income shows further satisfactory expansion. The income in the Accident Department at £4,548,214 is £953,095 higher than in 1955. One of the attendant problems of this large increase in premium income is the financing of the requisite higher reserve for the liability for unexpired risks. The sum involved in this respect is £383,580. Consequent upon the provision for unexpired risks and a higher claims ratio,

the operations for the year resulted in a loss of £189,442. Attention has been drawn on many occasions in the past to the unprofitable results in the Motor section of the Accident account. In order to provide complete insurance service it is necessary to accept from our constituents all the business which they have to offer including motor car business. Although our Motor income in Canada showed little variation from the previous year, the claims experience has deteriorated. Our income from Europe produced an unprofitable balance but steps have been taken to remedy this.

During the past year there has been a further depreciation in many securities of all classes; however the valuation made at the end of the year showed that the market value of our assets was still well in excess of the figures at which they stand in the Balance Sheets. Directors decided that existing Capital Structure of the Society should be altered from 200,000 shares of £10 each to 2,000,000 shares of £1 each. This will enhance the popularity of the Society and widen its list of shareholders. An interim dividend of £1 per share was paid on 20th November, 1956. Directors recommended a final dividend of £1/2/6d per share, payable on 24th May, 1957. The profit for the year is £354,727. After deducting profit retained in Subsidiary Companies (£11,757) there remains a distributable profit of £342,970. To this has been added the balance brought forward from previous year of £363,164. After providing for the dividends and transferring £24,000 to Exchange and Investment Fluctuation Account, there remains a balance of £363,384 to be carried forward.

THE RUBBER TRUST CO. LTD.

The annual general meeting will be held on May 24. Report of the Directors reads: The total area of the Company's Estates in Malaya and Burma was 22,635 acres on September 30, 1956 compared with 24,227 acres in previous year. Total production for Malaya and Burma: 6,867,299 pounds in 1954/55 and 6,553,247 pounds in 1955/56. The estimated production for 1956/57 is 5,905,000 pounds in Malaya, and 610,000 pounds in Burma. The Estates sales and stock position was as follows:—

	1954/55	1955/56
Estate Sales in Malaya and Burma	6,706,977 lb	6,519,851 lb
Average Selling Price per pound	83.04 c	85.41 c
Stocks as at 30th September	160,322 lb	33,396 lb
Average Value per pound	124.60 c	105.27 c

During the year, 1,372 acres were replanted and approximately 500 acres of post-war replantings were brought into tapping. Semambu Estate was sold at a satisfactory price, and some of the proceeds were used to buy 75% of the Share Capital in a new Company called Plantation Latex (Malaya) Ltd. No credit has been taken this year for the operation of the Factory as the interest was only purchased some four months before the end of the financial year. The holding in Java Consolidated Estates Ltd. shares has been written down to a nominal figure by charging Capital Reserve with HK\$149,693. This holding arose out of the sale of a small Estate in Indonesia. The net profit for the year is HK\$589,836 making a total sum of \$1,657,552 available for following appropriations: a dividend of 15 cents per share, \$641,119; and carry forward to next year, \$1,016,433.

BOOK REVIEWS

(1) Three Books on China

Theodore Shabad: China's Changing Map.—Henry Wei: China and Soviet Russia.—F. F. Liu: A Military History of Modern China: 1924-1949.

These three books are welcome additions to the growing list of works on contemporary China. While they treat of markedly different subjects and are of varying quality, all contribute to the store of information that is so necessary—and still so woefully inadequate—to an accurate understanding of the dynamics of the Chinese revolution.

The first is appropriately subtitled, "A Political and Economic Geography of the Chinese People's Republic." Those familiar with Mr. Shabad's previous book, Geography of the USSR, will find the same meticulous attention to detail and disciplined adherence to what can be proven from available evidence. This latest work is the richer for the author's background on Soviet Russia, which enables him to draw meaningful comparisons between the two regimes.

The general reader will find the author's summations in the first part of his study of special interest. They concisely sum up the complex trends that distinguished the first six years of Communist rule and are supplemented by carefully compiled tables of population and productivity. Although the author eschews editorial comment, his presentation of bare facts conjures up a host of political implications. On p. 4, for instance, the reader learns:

China borders on eleven nations . . . On Chinese maps . . . the Amur River Islands are shown as part of China . . . Soviet sources consider the Amur Isles part of the Soviet Union. Near Manchouli begins the 2,700 mile-long border with Outer Mongolia. Although this frontier is delineated in detail on Soviet maps, giving the impression of accurate survey, it is labelled on Chinese maps "still to be delimited" and is drawn in rough

outline. . . Until 1953 some Chinese maps showed all of the Pamirs as part of China. Since that time, the Chinese have withdrawn the line to the eastern margins of the highlands, in accordance with Soviet maps, and labelled it "still to be delimited."

Such gleanings from painstaking research are worthy of attention as clues to potential expansionist tendencies on the part of Peiping. Similarly, a tracing of the points of difference between Communist Chinese and Burmese maps reveals that the former "still show Chinese jurisdiction over the upper reaches of the Irrawaddy River north of Myit-kyina," and that both nations lay claim to the remote Wa (Kawa) States on the east bank of the Salween River. It is precisely these areas into which Chinese Communist troops moved during 1955-56, arousing increased concern in Rangoon over Peiping's interpretation of the so-called "Bandung spirit."

The turbulence of war and civil war, followed by Communist curbs on the flow of information to the outside world, made the gathering of Mr. Shabad's data exceedingly difficult, especially with respect to such remote though important areas as Tibet and Sinkiang. The author wisely refrains from speculation where the scanty evidence does not permit analysis. That he has been able to pack so much valuable information in his book is a tribute to his painstaking research and conscientious perusal of Chinese and Russian sources.

Dr. Wei's study, China and Soviet Russia, is of quite a different nature. As the author points out in his introduction, the book is chiefly a review of diplomatic events between the two countries, based on general Western and Chinese accounts. No Russian-language materials were consulted, nor does the author appear to have had access to Nationalist Chinese archives.

Although Dr. Wei differs from Mr. Shabad at some points concerning the nature of Sino-Soviet economic relations, both writers point to the vital importance of China's border regions—of Manchuria, Mongolia, and Sinkiang—in the relations between the two countries. Indeed Dr. Wei supplements Mr. Shabad's findings with some interesting historical background material showing the persistent efforts of Soviet negotiators to win concessions from China during the 1920-24 period in both Manchuria and Mongolia. By comparing the postwar treaties concluded between the USSR and the Nationalist Chinese Government with those later entered into between Moscow and Peiping, Dr. Wei traces continuing Soviet designs for maintaining spheres of influence behind the mask of Sino-Soviet friendship. Any such "friendship" runs afoul of what he believes to be "differences in basic cultural patterns of Russia and China as well as divergences of political and economic interests." (p. 328).

The most provocative of the three books is that by Dr. Liu. Its stimulating nature springs not from any partisan tone such as marks the study by Dr. Wei. Rather, it is because of the author's skilful handling of heretofore unexamined Chinese, German, Russian, Japanese, and English sources, which provide the reader with new insights into a critical aspect of contemporary China: the impact of military events upon political developments. Writing with detachment despite his previous experience as a Nationalist Army officer, the author offers a documented account which pleads no cause except that of a democratic China, free of authoritarian rule of whatever stamp.

A number of widely held beliefs are examined by Dr. Liu and found wanting in view of the evidence. Harking back to the early period of the Kuomintang-Communist coalition (1923-27), the author ascribes the success of the Northern Expedition of 1926 to the hard fighting and good generalship of the Kuomintang forces, while the Russian strategists and their Chinese cohorts first opposed the expedition and then worked to turn it to their own ends. Similarly, he refutes the charge that Nationalist troops never fought effectively by a careful study of the bitter battles against the Japanese, in particular the defense of Shanghai, Tei-erhchuang, and Chengchow. In the critical days of 1939, Japanese forces launched major offensive thrusts toward Chungking only to be defeated by General Li Tsung-jen. Three enemy assaults on Changsha, controlling the vital Canton-Hankow railway, proved futile thanks to the strong defense organized by General Hsueh Yueh.

Dr. Liu's study thus provides a counter-balance to some unduly low estimates of Chinese fighting ability based primarily on the closing years of the war. By that time, as the author points out, the cumulative handicaps of inadequate communications and supplies had seriously lowered the effectiveness of Nationalist troops. Allied commitments elsewhere and lengthy transport lines combined to limit the amount of material actually reaching Chiang's forces. Their low morale and weak condition aroused considerable criticism abroad, often with little understanding of the basic factors responsible for these failings and with little memory of the good fighting record demonstrated by Nationalist troops in the earlier years of combat.

Dr. Liu is not sparing in his criticism of the undue influence of Whampoa Military Academy graduates in the political life of the Nationalist regime and of the tendency to let personal associations take priority over political considerations. He attributes much of the difficulty encountered by the government of Chiang Kai-shek to these factors and to the obstacles which they created in the way of effective

civilian rule. However, his account points up the large degree to which this was environmentally determined by the omnipresent Communist armed insurrection and by the Japanese military threat which steadily increased from 1931 to 1937.

One of the most interesting aspects of the book is its account of the three major programs of past foreign military assistance to Nationalist China. The first came from Moscow during the mid-1920's and laid the foundations of the Nationalist Army at the same time that it sought to subvert the rising military organization for Communist ends. The second came from Berlin during the following decade and, through one of history's strange paradoxes, was responsible for much of China's military effectiveness against Japan after 1937, by which time Japan had become Nazi Germany's partner under the Anti-Comintern Pact. The third effort was America's, when Generals Stilwell and Wedemeyer served as high-level military advisers to Generalissimo Chiang Kai-shek during World War II.

In view of present Communist Chinese subservience to Soviet military tutelage, it is interesting to assess the limitations of foreign military programs in China. Dr. Liu's book points up some basic problems which none of the past missions succeeded in overcoming. Foremost was the lack of experienced personnel at the higher command levels, so essential for building up a general staff of the calibre required by modern total warfare, which necessarily involves military usurpation of civilian responsibility in mobilizing manpower and resources.

A second limitation upon foreign assistance resulted from attempts on the part of the grantors to impose their own command systems. Soviet advisers instituted political commissars, which was helpful in stimulating morale but harmful in terms of fixing command responsibility. German introduction of a Prussian-type military structure placed more power in the hands of the generals than their experience sometimes warranted. Finally, American insistence upon a unified Chinese military effort against Japan overlooked more than a decade of embittered struggle between the government and the Communist insurgents; and the firmly rooted American tradition of military divorcement from politics proved inoperable in the Chinese context.

As Dr. Liu points out in his epilogue, modern China, despite a succession of parliaments and constitutions, has largely been dominated by armed groups vying for power. The defeat of the provincial warlords in the Northern Expedition did not lead to their eclipse within the Nationalist government. Even more serious was Communist reliance upon armed insurrection as a means of perpetuating economic disorder, fomenting unrest, and eventually winning power.

With China split into two armed camps, victory in World War II proved a hollow triumph. Though willing to concede on subsidiary points in the postwar unification parleys with Nanking, the Communists refused to yield their military independence, and Soviet maneuvers in Manchuria permitted the re-equipment of their forces with captured Japanese arms. Communist victory in the ensuing conflict crushed whatever hopes existed for developing a responsible, elected government in China. Communist ascendancy led to the open enthronement of generals as civil administrators and fresh military ventures in Korea and Tibet.

Thus Dr. Liu's book is much more than a military history, in the usual sense of the term. It sheds new light on modern China's political and economic development, revealing with documentation and lucidity the far-reaching

impact of military leaders and factors on a society in transition.

(2) Soviet Nationalism

Frederick C. Barghoorn: Soviet Russian Nationalism.

Soviet Communist ideology as it existed on the morrow of Stalin's death was the product of a long, inward-looking period in Soviet history. The cultural and political isolationism of the last twenty-odd years of the Stalinist period had worked a profound transformation in the official doctrine. Marx and Engels, the founding fathers, had been relegated to a ritualistic and honorific position, their names still mentioned with reverence but their teachings reshaped, reinterpreted or expanded virtually beyond recognition.

To a large extent, this ideological transformation was conditioned by a recrudescence of nationalism wearing the new garb of "Soviet patriotism." This ambiguous and misleading term has itself changed in its ideological content according to the momentary tactical needs of the Soviet Communist Party. Broadly speaking, the term mirrors an attempt to wed two distinct loyalties: loyalty to the Soviet system and Communist ideology on the one hand, and loyalty to the nation and its historic traditions on the other. At times the major accent has been placed on the first; at others, on the second.

This equivocal notion and the shifting political reality which it circumscribes have found exhaustive treatment in Soviet Russian Nationalism, by Frederick C. Barghoorn, Associate Professor of Political Science at Yale University. Five years of firsthand experience in Soviet Russia, including travels to Transcaucasia and the Ukraine, countless interviews with Soviet refugees, and extensive research in primary and secondary sources have borne fruit in this work.

Professor Barghoorn draws up a most cautious, well-balanced inventory of the various factors which make up the ideology of Soviet patriotism. Russian domination of minority nationalities, Russian colonization of the non-Russian Soviet Republics, and the problem of linguistic russification must of necessity play a major part in an analysis of "Soviet patriotism." At the same time, as the author shows, much of this Russian bias developed in an accidental way, and Russian nationalism remains subordinate to Soviet patriotism (p. 59). The regime has satisfied Russian national interests to a much greater extent than the interests of the other ethnic groups of the USSR, but the bolshevized type of Russian nationhood which it created remains unacceptable to a genuine Russian nationalist. This frame of mind is illustrated by the revealing statement of a Soviet refugee who said: "I left the Soviet Union so that I could be a Russian" (p. 6). In the Soviet Union he could be a Russian only if he was prepared to identify himself simultaneously with the "Soviet people," another term which is devoid of any stable meaning. Occasionally it is almost synonymous with "Russian people," but often it connotes what is, in fact, a non-existent ideological community of the peoples of the USSR.

Indeed, the author estimates that "non-Russian national consciousness is a significant factor in the mental and spiritual make-up of forty to fifty percent of the Soviet population" (p. 116). That local and national differences and inherited attitudes still tenaciously survive in Soviet Russia, notwithstanding all efforts to build up the concept of Soviet patriotism, is frequently borne out by topical events—most recently, for instance, by the Georgian unrest in March 1956 following the Twentieth Congress vilification of Stalin.

Soviet patriotism need not be condemned a priori for the sole reason that it became increasingly colored by Russian culture and Russian history. Russia's cultural and historical past, like the past of any nation, contains both good and bad elements. The Soviet regime has tolerated some of the good elements—for instance, the humanism of the classics of Russian literature. But, as the author points out, it has also actively exploited some of the worst elements (p. 60).

A great deal that is primitive, narrow-minded, one-sided and chauvinistic in Russia's historical record has found reincarnation in the patriotic ideology of Soviet communism. The Russian territorial and cultural imperialism of the pan-Slavist, Danilevskii, has been resuscitated along with the anti-Western bias of Dostoevskii—of course without the mitigation of the latter's Christian message. Antisemitism, in the veiled form of a campaign against "cosmopolitanism," and crude admiration of militarism also have found their place in the concept of Soviet nationalism. Even the apocalyptic vision of the 16th century monk Filofei, who saw Moscow as the "Third Rome," has been endowed with a new meaning although one which retains its intolerant conceit and exclusivity (p. 255).

At the same time, Moscow plays an extremely practical role in the leveling-out process, on which the safety of every totalitarian multi-national state depends. The old antagonism between the Western St. Petersburg and the "genuinely Russian" Moscow of the Slavophiles has been decided in favor of the latter. There were moments when St. Petersburg-Leningrad, once the bulwark of Westernism, appeared even more chauvinistic-Russian than Moscow itself (p. 240). Only as the home of anti-totalitarian moods which are not necessarily identical with pro-Western leanings has Leningrad retained some traces of a challenging alternative to Moscow.

Moscow stands for centralism, par excellence, and it would be fascinating to elaborate on its functions in Soviet nationality policy—not that abstract "Moscow" synonymous with communism and Soviet power, but the living capital city which, in the author's words, absorbs and adjusts "the most aggressive, forceful and ruthless individuals of all parts of the country" (p. 137). No capital city of the free world can aspire to such a domineering position as that of Moscow, which sets the pace of Soviet life. Moscow produces the Russianized and yet, to a certain extent, supranational stereotype of the Homo Sovieticus. The political mechanism which Soviet Moscow serves quickly obliterates the original national and regional consciousness of newcomers to its portals. This distinguishes Moscow from imperial Vienna, where Czechs, Yugoslavs and Poles always retained their national individuality and their determination to express it. It distinguishes Moscow even from Paris, the capital city of a centralistic but democratic state. The members of the well-organized societies of the Auvergnats, Savoyards and Bretons in Paris stubbornly refuse to be submerged in the anonymity of the Parisian melting pot.

A great deal of current Soviet ideological thinking appears crude and primitive, but some of the premises on which it is based betray a considerable degree of sophistication. Prof. Barghoorn rightly points to the capability of the Communist leaders in applied psychology and sociology (p. 268). As practical psychologists, they recognize the tendency of many Russians to be fascinated by foreign ways and ideas, a tendency toward "servility to things foreign" to speak in the Soviet jargon. They have tried to counteract this tendency not only by terror and intimidation, but also by inculcating into the people an ethnocentric concept in which the feeling of one's own superiority is as charac-

teristic as the feeling of hatred toward the surrounding world. The animosity has its roots in the class hatred implicit in Marxist doctrine, but it has been blended with the chauvinistic hatred of super-patriotism.

To borrow the terminology of the French writer Raymond Aron, the Soviet rulers have devised for their own protection a Manichean division of the world, says the author (p. 183). They themselves represent the most advanced culture, the future of mankind, in short the empire of light; the Western nations represent the shrinking and decaying empire of darkness. For a long time this Manichean dogma was kept alive by spurious historical scholarship and hate propaganda, but now Stalin's successors are trying to emancipate themselves from the exaggerations of this Manichaeism. The most drastic excesses of xenophobia and isolationism seem to be receding into the background.

Professor Barghoorn's valuable study of the nationalistic ingredients of the national-Marxist synthesis which Soviet communism seems to have achieved deserves particular attention at a time when other non-Soviet Communist systems are acquiring greater weight within the camp of world communism. As long as nationalistic elements persist as an integral part of Soviet communism, they will act as a barrier to the development of world communism beyond a diplomatic coalition and an economic bloc. This does not diminish world communism's dangerous character, but it deprives it of a higher ideological content. If Professor Barghoorn's analysis were matched by a similar study of the anatomy of Chinese Communist nationalism, we might find evidence of a deep-lying ideological cleavage within the Communist camp—a cleavage bridged only superficially by common hatreds, short-term political interests, and a common adherence to Marxist-Leninist scholasticism.

FINANCE & COMMERCE

WHEAT—PRODUCTION AND TRADE IN 1956/57

Food and Agriculture Organization of the United Nations estimated that world production of wheat in 1956/57, outside the U.S.S.R., Eastern Europe, and China will be slightly below last year's output. Provided the forecasts for Southern Hemisphere countries prove well founded, the total outturn would be around 121 million tons, as against nearly 123 m. tons in 1955/56. The most recent estimate for Argentina is 6.9 m. tons, as compared with 5.2 m. tons last year. In Australia a reduction in area, induced by weather conditions early in the season, caused a sharp fall to 3.5 m. tons, 2 m. tons below 1955/56; the average yield is 1,090 kilo per hectare, 210 kilo less than in the previous season but still well above the prewar average. A smaller crop appears likely in Uruguay where government policy discouraged sowings, while in Brazil and the Union of South Africa there will probably be a small increase in production.

Official 1956 figures of United States wheat production were unexpectedly high at 2.71 m. tons, 500,000 tons more than previous estimate and 7% above 1955 output. In Canada, despite a reduction in area, higher yields increased production; 1956 crop is estimated at 14.6 m. tons, 1.2 m. tons more than last year. However, unfavourable weather conditions at harvest time were responsible for a reduction of the quality of the grain. Production in Western Europe in 1956 amounted to 31.9 m. tons, 5.9 m. tons less than previous season. Late frosts destroyed more than 50% of France's winter crop, reducing this country's outturn to 5.7 m. tons, as against 10.4 m. tons in previous year. As a result, export offers were withdrawn or reduced and France must import 2 to 2.5 m. tons. Crops in many other Western European countries were also affected by unfavorable weather conditions and generally poor quality wheat was produced. Belgium harvested only about 600,000 tons as compared with 730,000 in previous season. In Italy 8.7 m. tons were harvested as against the record of 9.5 m. tons in 1955. On the other hand, the Scandinavian countries, especially Sweden, increased production on larger areas, and bigger harvests were also reported by Spain, Portugal, Western Germany, and the United Kingdom.

In the Near East, production of wheat in Iraq recovered from the poor crop of 1955. Output in Syria is estimated at 1 m. tons, which would leave about 300,000 tons for export. Satisfactory wheat crops were also reported from Egypt and North Africa. Japan produced less wheat in 1956; the Indian crop was 500,000 tons lower than 1955, an exceptionally good year.

No precise information is available on wheat production in U.S.S.R. It seems, however, that the grain situation has generally improved in 1956. Although the U.S.S.R. is expected to export significant quantities of wheat to Eastern European countries, unofficial sources indicate that for the 1956/57 season contracts have been signed also for the export of about 1 m. tons to other countries. The main importers should be Egypt and Yugoslavia, but also Finland, Norway, Denmark, and Italy will probably purchase wheat from the U.S.S.R.

Supplies and Distribution: The current grain year, opened with very heavy supplies of wheat in major exporting countries. Provisional forecasts suggest that world wheat shipments in 1956/57 will show a further advance over and above the 28.3 m. tons exported in 1955/56, the main difference being accounted for by large movements to France, India and, to a lesser extent, Brazil. Stocks in U.S. on 1 July 1956 amounted to 28.0 m. tons; with abundant new crop, total supplies reached an all-time record of 55.2 m. tons. Domestic disappearance is estimated at 16.3 m. tons leaving about 38.9 m. tons for export and carry-over. If exports reach 11.4 m. tons, closing stocks on 1 July 1957 could be estimated at 27.5 m. tons. This would represent the first reduction in stocks since 1952.

In Canada, total available wheat supply amounts to 29.2 m. tons—the largest in Canadian history. Unless exports can be substantially increased above the 8.4 m. tons shipped in 1955/56, a further increase in carry-over stocks will take place. Australia anticipates a considerable reduction in stocks by the end of the current season. The outturn of the Australian wheat crop and a carry-over of 2.3 m. tons at the beginning of the trade year provide rather smaller supplies for 1956/57; on the basis of a crop fore-

cast of 3.5 m. tons, total supplies would amount to only 5.2 m. tons. Deducting 2 m. tons for domestic requirements and assuming that about 2.5 m. tons will be exported, end-of-season stocks on 1 December 1957 would show a decrease of about 1 m. tons when compared with those held on the same date a year before. In Argentina, opening stocks on 1 December 1956 were estimated at 1.1 m. tons. The favorable outlook of the 1956/57 crop (6.9 m. tons) would leave about 4.2 m. tons for export or carry-over after allowing 3.7 m. tons for domestic consumption. This country should not have any difficulty in expanding its exports from the low level of last year and avoid an increase in the carry-over stocks by 1 December 1957. However, if there were increased stocks at the beginning of next season, the quantity would not represent a burdensome surplus.

IMPORTS OF WHEAT & WHEAT FLOUR

July 1955-June 1956

(in thousand metric tons)

	Wheat	Wheat Flour
Hongkong	42.2	36.3
Japan	2,247.9	57.2
Korea	121.2	1.8
Taiwan	200.3	0.4
Philippines	—	288.9
North Borneo	—	11.6
Indonesia	—	250.1
Malaya & Singapore	23.0	307.8
Thailand	0.1	29.6
Cambodia, Laos & Vietnam	—	67.8
Burma	3.8	16.1
Pakistan	126.9	0.5
India	385.2	1.1
Ceylon	0.1	266.8

HK EXCHANGE MARKETS

May 13th to 18th, 1957

May	U.S.\$		Notes	
	T.T. High	T.T. Low	Notes High	Notes Low
13	\$630½	629¾	628½	628½
14	630½	629¾	628½	628½
15	629½	629	628½	628½
16	629	628½	627½	627½
17	629	628½	627½	627½
18	629½	628¾	628½	627½

D.D. rates: High 628½ Low 628½.

Trading totals: T.T. US\$3,270,000; Notes cash US\$390,000, forward US\$ 2,950,000; D.D. US\$440,000. The market was easier and rates dropped slowly and it looked as if Sterling was turning to gain. In the T.T. sector, usual offers were from Japan, Korea, Bangkok, and the Philippines, while gold and general importers bought. In the Notes market, pressure continued for cash notes and interest remained high in favour of buyers, which aggregated \$11.27 per US\$1,000. Speculative positions taken averaged US\$24 million per day. In the D.D. sector, market turned active on increased overseas Chinese remittances.

Yen Notes: In fictitious forward market, interest favoured buyers and aggregated \$2.00 per Yen 100,000. Cash notes quoted at HK\$1,535—1,525 per Yen 100,000. **Far Eastern Exchange:** Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.77—1.75, Japan 0.014825—0.014725, Malaya 1.876, Vietnam 0.0666—0.06579, Laos 0.06, Cambodia 0.078, Thailand 0.2898—0.2873. Sales: Pesos 350,000, Yen 124 million, Malayan \$280,000, Piastre 12 million, Kip 5 million, Rial 6 million, and Baht 3 million.

Chinese Exchange: People's Yuan notes quoted \$1.45 per Yuan. Taiwan Dollar quoted \$0.167—0.165 per Dollar, and remittances at 0.16—0.153. There was more business in Yuan.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 16.80—16.72, Scotland and

Ireland 14.00, Australia 12.65, New Zealand 15.44—15.40, Egypt 11.00, East Africa 15.40, West Africa 13.50, South Africa 16.45—16.40, Jamaica 13.50, Fiji 10.00, India 1.1915—1.19, Pakistan 0.865—0.85, Ceylon 1.00, Burma 0.50, Malaya 1.84—1.83, Canada 6.535—6.5275, Cuba 5.00, Argentine 0.17, Brazil 0.07, Philippines 1.76—1.7475, Switzerland 1.42, West Germany 1.42, Italy 0.0093, Belgium 0.11, Sweden 1.02, Norway 0.72, Denmark 0.77, Netherlands 1.46, France 0.0152—0.01505, Vietnam 0.075—0.073, Laos 0.06—0.058, Cambodia 0.0795—0.076, North Borneo 1.60, Indonesia 0.137—0.123, Thailand 0.282—0.279, Macau 1.0125—1.00.

Gold Market

May	High .945	Low .945	Macau .99
13	\$277½	275½	
14	276½	274½	
15	275½	274½	
16	275½	275	286 High
17	276½	275½	Low 285½
18	275½	275½	

The opening and closing prices were 275½ and 275½, and the highest and lowest 277½ and 274½. The market was easier and prices dropped slightly in line with US\$ exchange. Interest favoured buyers and aggregated \$5.20 per 10 taels of .945 fine. Tradings averaged 7,050 taels per day and amounted to 42,300 taels for the week, in which 13,790 taels were actual cash dealings (890 taels listed and 12,900 taels arranged). Speculative positions averaged 15,200 taels per day. Imports were all from Macau and totalled 6,500 taels. Exports amounted to 9,500 taels (5,000 taels to Singapore, 3,500 to Indonesia, and 1,000 to Rangoon). Differences paid for local and Macau .99 fine were \$13.50 and 12.50 respectively per tael of .945 fine. Cross rates were US\$37.73—37.72 per fine ounce and contracted import price was 37.73 C.I.F. Macau. US double eagle old and new coins quoted at \$289 and 266 respectively per coin, English Sovereigns \$65 per coin, and Mexican gold coins \$296 per coin. **Silver Market:** 500 taels of bar silver traded at \$5.97—5.95 per tael; 700 dollar coins at \$3.85 per coin; and twenty-cent

coins at \$2.95 per five coins, with almost nothing sold.

Prosperity: Business generally is good. Merchants would not usually admit that; perhaps because of an Inland Revenue phobia or complex. Manufacturing activity is still rising and the establishment of new factories is progressing. Demand for factory sites appears insatiable. Retail trade, thanks to the tourist invasions from all countries but principally and most potently from the US, is reaping good profits. Shops and stores, in all nooks and corners of all districts, are being constructed and competition among them is getting ever more severe. However US servicemen and US tourists generally can be trusted to provide customers. In the Tsimshatsui sub-district, mainly south of Austin Road and east of Nathan Road, shops have multiplied several times in recent years; Shanghai, Cantonese and Indian (Sindhi) merchants are ever more ambitious in showing attractive, expensive and 'ultra-modern' windows, displays, customer's service and fine merchandise.

The import trade is very active as can be seen from the official trade returns; exports are also heavy though a good deal of cargo which leaves here for foreign destinations is not being listed because it cannot be listed. Construction of houses of all descriptions continues full blast. Hundreds of apartment houses and Chinese shop and tenement houses are presently going up, all over the place. To judge by the progress of demolition work—again all over the place—one could assume that the construction boom is still far from losing its optimism. Office buildings, mainly in the central district, are growing ever higher; nothing below 15 stories is now being contemplated. The waterfront is changing its skyline fairly rapidly; several office blocks are now under construction which will be 18 stories high. And more old structures are being demolished to give way for more skyscrapers of the Hongkong variety.

Slowly Hongkong is being converted into the Manhattan of Asia; as land is scarce and the rock all granite, the

logical solution to the building problem was and remains the construction of skyscrapers. Businessmen are highly optimistic and so they think of expansion and more expansion, and the result is the towers of finance and commerce which we no longer are surprised to see. Elsewhere in Asia there is either no adequate momentum for business expansion or the soil is of such a nature that tall buildings cannot be constructed (Bangkok, Djakarta, Manila) or there continue earthquake risks which preclude the erection of skyscrapers (Japan, Philippines). The Manhattan-like appearance of Hongkong is a symbol of its spirit and of its prosperity.

Money from all corners of the world arrives here, much of it for local or overseas investment. Funds from exchange-control-ridden countries arrive here for conversion into US\$ or similar hard currencies, and then they are being transferred for investment in any desirable country. Many investors continue to show interest in the North American securities markets; this line of financial business appears to be expanding. It has been noted that many banks, trading firms etc. are, from all over the world, setting up branches (under whatever name and registration) in North America (which geographic term includes Canada, the United States and Texas). There is also some interest, though not in securities markets, in Latin American countries, coming mainly from prospective local emigrants.

HK SHARE MARKET

With the exception of Star Ferries, demand for other Utilities far exceeded supply; as a result, prices registered impressive gains and the trend at close remained upward. Lands recovered from recent decline and closed firm with more buyers than sellers. Realities and Hotels also firm but closing quotations were slightly depressed by profit taking. Cement, too, began to recover; better gains predicted. Stores, Cottons and Rubbers also registered large turnovers and better prices. HK Banks lost another \$10 but recovered \$5 during the week and closed steady at 1645; 859 shares changed hands. Union Ins. dropped to pre-dividend low of 930 but closed slightly better at 932.50; quotation should not go lower than 930 if there is no selling pressure. Turnover for the week was \$4.326 million; slightly lower than that for the previous week.

Monday: market steady; turnover \$710,000. **Tuesday:** interest centred on Utilities; \$958,000. **Wednesday:** steady; \$551,000. **Thursday:** mild fluctuations; \$1,075,000. **Friday:** buoyant; \$1,032,000.

Dividend: Nanyang Cotton Mill Ltd. announced a final dividend of 60c per share for 1956.

SINGAPORE SHARES

The week ended May 3 registered large transactions and the Hari Raya Holidays (one day in Singapore and two days in the Federation) had no effect on the volume of dealings. Industrial shares had a heavy turnover but price changes were small. Tin shares were uncertain whilst local rubbers neglected in favour of the Sterling counters which continued to attract an increasing range of buyers.

Consolidated Tin Smelter Ords. changed hands at 33/6 rising to 33/10½. Fraser & Neave Ords. had extensive dealings from \$2.42 to \$2.37½ to \$2.40. Gammons were active at \$2.12 to \$2.15 c.d. firmed to \$2 x.d. at the close. W. Hammer had sales at \$2.16 & \$2.15, Malayan Breweries at \$2.07½ and Metal Box at \$1.87½ and \$1.86. McAlisters on strong demand hardened from \$3.22½ to \$3.30 also Robinson Ords. from \$1.75 to \$1.78, but Sime Darby eased from \$2.67½ to \$2.60. Singapore Cold Storage rallied from \$1.77 to \$1.80. Singapore Traction Ords., on support from London, were dealt in at 24/- c.d. and 23/3½ x.d., and Straits Steamship improved to \$16 bid, without attracting sellers. Business passed in Straits Times from \$3.47½ to \$3.45 at which more shares were on offer, Straits Traders at \$32.25 and \$32.50 cum all and United Engineer Ords., on good enquiry firmed from \$9.30 to \$9.60. Union Insurance quoted \$522.29 and \$522.50 cum dividend, Wearne Brothers at \$3.15 and William Jacks at \$3.25 c.c.i. Amongst Tin shares Aokam improved with sales from \$1.50 to \$1.57½ to \$1.55 with fur-

ther shares available at \$1.57, while Austral Amalgamated were taken at 23/4½ and Austral Malay at 51/6. Berjuntai declined from 15/3 to 15/-. Johan to \$1.75 middle, and Petaling to \$2.75 having buyers over. Rantau had large sales from \$2 up to \$2.10 and closed \$2.10 to \$2.13. Sterling Rubber shares enquired for include Bertam Consolidated which came in for extensive dealings from 2/4 up to 2/9. Bruseh were taken at 2/5½ to 2/6, Dennistown from 3/1½ c.d. to 3/- x.d., Ipoh Rubber from 5/6 to 6/3, Johore Para from 1/8 to 1/8½ and Malakoff from 12/9 to 13/1½. There was an unsatisfied demand for Rantanui which had small sales from 3/6 up to 4/- and Sungei Chinoh were taken from 1/2 to 1/5½.

During the following week, trading was on a somewhat restricted scale. Industrials were again the main centre of interest and several counters registered gains. Consolidated Tin Smelter Ords. continued upward and taken from 33/6 to 34/3, whilst Fraser & Neave had a large turnover at prices between \$2.37½ and \$2.40. Gammon showed an easier tendency declining with sales from \$2 to \$1.96, also W. Hammer which after dealings at \$2.15 and \$2.14 closed at \$2.03-2.08. Hongkong and Shanghai Banks (Colonial) were marketed in quantity from \$890 to \$895 to \$880. Malayan Breweries hardened from \$3 to \$3.06½, McAlisters from \$3.32½ to \$3.40, Robinson Ords. from \$1.78 to \$1.80 and Sime Darby from \$2.57½ to \$2.75. Singapore Cold Storage continued with sales at \$1.80 and \$1.82, also Singapore Traction Ords. at 23/4½ x.d. and Straits Times from \$3.39 to \$3.42½ to \$3.37½. Straits Traders after

Share	May 10	Last Week's Rate			Up & Down	Dividend	Annual Yield* (%)
		Highest	Lowest	Closing			
HK Bank	1650	1650	1640	1645	—\$5	\$80	4.88
Union Ins.	940	935	930	932.50	—\$7.50	\$34	3.65
Lombard	38 b	38	38 b	38 b	steady	\$2	5.28
Wheelock	7.50	7.50	7.40	7.40	—10c	75c	10.14
HK Wharf	110 s	110 s	108	109 s	—\$1	\$6	5.50
HK Dock	45	45.25	45	45	firm	\$2	4.44
Provident	13	13.50	13.20	13.20	+20c	\$1	7.58
HK Land	35	36.50	35	36.50	+\$1.50	\$3.50	9.59
Realty	1.50	1.525	1.50	1.50	firm	15c	10.00
Hotel	15.60	15.90	15.60	15.60	firm	\$1	6.41
Trams	22.30	23	22.40	23	+70c	\$1.70	7.39
Star Ferry	135 n	—	—	135 n	quiet	\$9	8.67
Yaumati	102	105	103	105	+\$3	\$7.50	7.14
Light	18.60	19.80	18.80	19.60	+\$1	\$1.10	5.81
Electric	29.70	30.50	29.90	30.50	+80c	\$2	6.56
Telephone	25.80	27	25.90	27	+\$1.20	\$1.50	5.56
Cement	32.50	33.50	32.50	33.50	+\$1	\$4	11.94
Dairy Farm	14.80	15	14.80	15	+20c	\$1.63	10.67
Watson	11.70	12	11.70	11.90	+20c	\$1	8.40
Yangtze	6.10	6.25	6.15	6.25	+15c	70c	11.20
Allied Inv.	4.55 s	4.50	4.475	4.475	—7½c	25c	5.59
HK & FE Inv.	10.20 b	—	—	10.20 b	quiet	75c	7.35
Amal. Rubber	1.50	1.525 s	1.475 b	1.50	firm	30c	20.00
Textile	4.65	4.75	4.70	4.75	+10c	50c	10.53
Nanyang	8	8.10	8	8.10	+10c	80c	9.88

* Annual Yields are only ESTIMATES calculated with current X-All rates against last year's dividends.

large dealings from \$32.50 to \$31.50 to \$32.50 cum all, finished at \$23-\$23.50 ex all. United Engineers Ords. firmed up to \$9.70 buyers also William Jacks from \$3.27½ to \$3.30. Business passed in Wearne Bros. at \$3.15 and \$3.12½. Amongst Tin shares, Austral Amalgamated improved to 24/- at which more shares are wanted, whilst Austral Malay again made 51/6 being taken later to 52/-. Berjuntai changed hands at 14/7½ and 14/9, Larut from 8/4½ up to 8/7½ c.e.r. and Lower Perak from 18/6 to 18/-, closing with buyers over at 18/3. Petaling hardened to \$2.90 buyers and Rantau again had heavy sales at \$2.10. Raub Gold after dealings at 67½ cents rose rapidly to 95 cents-\$1.50. Southern Tronoh were placed at 8/9, Sungei Way at \$1.57½, Taiping Consol. at \$1.80 and Takuapa at 20/9. Local Rubber shares came in for little enquiry, but sterling counters continued to receive support and met with a heavy turnover. Local Loans saw more business at quotations.

TRADE REPORTS

Metals retained selective demand from China and SE Asia in the local commodity market last week; but prices kept low by heavy stock. Trading in China produce slowed down; Japan and other customers bought direct from China those items which dealers here failed to get enough supply from Canton. Paper transactions, too, were slower on account of SE Asia's direct purchases from China and Japan while Korea found prices here too expensive. Sugar and cement retained steady local and export demand but pharmaceuticals, chemicals, wheat flour, yarn, cloth and rice remained sluggish in spot transactions.

As most ships from Europe and UK are taking the Suez route, many imports will reach here sooner than scheduled; however, congestion of cargo, particularly metals, is unlikely because the bulk of imports booked by local dealers early this year had already reached here and indents concluded during the past month were not very heavy. On the other hand, paper indents booked recently will arrive sooner to relieve the present shortage. Shipping companies have not yet cut out the remaining 5% surcharge but insurance companies marked down the war risk rate further from 0.175% to 0.1125%.

Trade with China: While US, UK, France and other COCOM and CHINCOM (Allies' coordinating and China committees on export control) countries discussed the ease of embargo on China in Paris, Radio Peking announced that China would cut export volume of several essential commodities due to shortages on the mainland. In the case of edible oils, a projected cut of

120,000 tons was envisaged during 1957. The radio assured that China would continue to import industrial raw material, whole sets of machinery, fertilizers and raw cotton but did not explain how China would balance these imports if exports were to be cut. From the local market, China continued to absorb metals at low prices. Consignments from Canton and other Chinese ports consisted chiefly of foodstuffs. Local dealers who went to Canton recently managed to book small quantities of iron wire nail, paper and cement but the bulk of the purchases made at the Chinese Exports Fair in Canton were foodstuffs. Canton claimed that businessmen from HK, Singapore, Europe, UK and SE Asia bought £3.64 million worth of goods at the Fair during first 20 days (April 25 to May 14).

Trade with Japan: Demand from Japan for beans and other staples declined because buyers in Japan were anticipating to procure the bulk of their requirements from China in the pending talks between the two countries on renewal of trade agreements. Exports last week consisted chiefly of iron ore (8,300 tons) and scrap iron (1,000 tons). Imports from Japan also slower; only 1,000 tons last week.

Trade with UK and Europe: Cargo movements between HK and Europe (including UK) remained active but the volume was much less than previous months. Metals, paper, automobiles and machinery constituted the major portion of imports; HK manufactured rubber shoes, rattan ware, cotton textiles, toys, torch were principal exports. Demand from UK and Europe for China produce is on the decline. HK must export more local manufactures in the future to keep up the present volume of exports to these destinations.

Trade with US: 3,000 tons of tobacco, lubricating oil, raw cotton, black-plate, textiles, machinery, fruits and provisions reached here from US last week. Exports of toys, torch, rattan ware and other HK manufactures totalled about 2,000 tons. Jade, quartz and hardstone figurines, and joss paper can now be shipped to US and its dependencies if covered by comprehensive certificates of origin. Exports of ladies' and men's tailor-made apparel to US by parcel post remained heavy. In addition to large-quantity parcels despatched by tailor shops and mail order firms, many local residents are sending dress and suits to relatives and friends in US regularly.

Trade with Indonesia: No order reached here from Djakarta. As rupiah dropped in value (1,000 rupiah to HK\$135 down to \$128), Djakarta businessmen found imports from HK more and more expensive; anyway authorities there did not allocate any exchange for imports from HK last week. Even

purchasing authorizations for cotton yarn contracted by Djakarta under the US raw cotton for HK textiles deal had not reached here. Authorities in Djakarta were contemplating to eliminate non-nationals from 17 different kinds of trade which covered almost every line of commercial activities. Most firms here who used to trade with Djakarta have recently switched to trade with Sumatra and other areas outside Java Island; Sumatra used to provide 70% of Indonesia's total export (rubber, coconut oil, etc.).

Trade with Thailand: Bangkok sent here more orders for rosin, steel plate, cement, paper, torch, bed sheet and foodstuffs but the quantity of these purchases remained small. Imports of rice, beans, timber and other staple also slowed down.

Trade with Korea: Seoul bought from here several lots of metals and rayon yarn. There were also orders for pharmaceuticals and chemicals but quantities involved were small because Seoul procured the bulk of her supply from US direct. No orders for paper reached here last week.

Trade with Taiwan: Imports from Taiwan remained steady and consisted chiefly of sugar, tea, ginger, onion, camphor products, feather, starch and water melon. From here, Taiwan bought selective items of metals and paper but quantities insignificant. Taipei is anxious to push exports of industrial products but traders there find it unprofitable in most cases on account of the unfavourable exchange rate (controlled by government) which sucks away their earnings from exports.

Trade with Malaya: Over 1,000 tons of foodstuffs, knitwear, joss paper and stick, and herb medicines were shipped to Singapore and other Malayan ports. Orders from these sources last week covered small quantities of beans, garlic, gypsum and selective items of metals and pharmaceuticals. China shipped about 1,000 tons of foodstuffs to Singapore last week. Chinese fish (belt fish, yellow croaker and large prawns) is also getting popular in Singapore.

Trade with the Philippines: Manila ordered small quantities of metals from here and in return, shipped large consignments of mangoes last week. The Philippine authorities were considering to allocate more foreign exchange for imports of factory materials but no enquiries reached here last week. Manila reported that the proposal to abolish foreign exchange controls and to adopt the export-import link system was passed by the Senate on May 7 and submitted to the President for approval. According to the proposal, exports will be divided into 3 categories; exporters can retain 100% of the foreign exchange earned from export

of the first group, 80% from the second and 15% from the third group to finance imports. Such foreign exchange proceeds can be sold to importers if exporters do not wish to bring back imports.

Trade with Cambodia: Cargo movements between HK and Phnompenh remained active: imports of maize, scrap iron, bean, live cattle and hog, rice, sesame, groundnut, groundnut oil against exports of metals, cement, sugar, wheat flour and foodstuffs. **Trade with South Vietnam** remained slow mainly on account of restrictions imposed by Saigon on Chinese businessmen there.

Trade with Burma: Cotton textiles, old newspaper and foodstuffs constituted the major portion of exports to Burma. Dealers here booked more old newspaper from Canada and US to meet the demand.

Trade with Africa: Exports to West Africa consisting chiefly of enamelware, cotton textiles, rayon piece goods, sundries and knitwear totalled about 2,500 tons. Imports came chiefly from South Africa; 230 tons of tanning extract, peanut butter, hide and other staples.

Trade with Okinawa: Metals, sugar, enamelware, vacuum flask, plastic products, beer and provisions were principal items shipped from here to Okinawa. Demand from this source however was irregular and quantities involved insignificant.

China Produce: Demand from Japan, Europe and other sources was selective. Singapore was interested in black and other types of beans but purchases from here restricted by limited stock while at the same time China offered to supply various types of beans to Singapore direct. Wood-oil remained popular with Japan, Canada, Australia, New Zealand but offers from Canton were higher than Peking's quotations to Europe. Towards weekend, Canton marked down cif HK quotation for woodoil and dealers here were contacting Canadian and Australian buyers. Rosin attracted strong demand from Japan and SE Asia but supply curtailed. Garlic, too, retained strong export demand but limited supply restricted trading. Other popular items were taro chips, maize and sesame favoured by Japan; cassia by India, Pakistan, Europe and South America; teaseed cake by Taiwan and Singapore; silk waste, feather and ani, seed oil by Europe; gypsum by Singapore; alum by Burma; and menthol crystal by Middle East. Trading volume is declining because Japan, Europe, UK and other countries are approaching China for direct supply when quantities involved are big and

buying from here only small lots either for urgent delivery or because prices are cheaper.

Metals: In spite of purchases by China, Cambodia, Philippines, Thailand, Singapore, Okinawa, Taiwan and Korea covering mild steel round bars, galvanized iron pipe, iron wire rod, wire nail, galvanized iron wire, mild steel plate, black plate, tinplate, galvanized iron sheet and zinc sheet, prices in the local market remained low because supply far exceeded the quantity involved in these transactions. There was still no order from Japan for bars. Scrap iron retained steady demand from Japan; orders mostly for high grade scrap but turnover handicapped by limited quantity available here. With the exception of scrap iron, price hike in the local metal market is not possible in the near future especially when the surcharge on freight rate might be completely discontinued. Further decline is also unlikely in view of China's appetite for low-priced bars and plates as well as demand from SE Asia for popular items. The fact that imports during the past two weeks were much less than the previous month and that such imports will further drop in the future also helps to stabilize the local market.

Paper: On account of the strong local demand preceding the Ghost Festival, m.g. cap was sold out last week. This paper is used for making paper garments, furniture and other symbolic items for the dead and will be burnt at the festival. Supply of this item from China was difficult to get; dealers therefore approached Japan for immediate shipments at slightly higher prices. Canton also failed to meet the local demand for poster, straw board, flint, bond and other popular items. However, instead of turning enquiries down with a flat 'no supply', Canton offered to supply these items to the local market if dealers here would at the same time buy from them items which are unreasonably expensive and difficult to market here. Shortage of supply in China can be appreciated from the fact that Peking recently bought 5,000 tons of woodfree printing from Japan in addition to imports of woodfree and paper pulp from Europe and newsprint from USSR. Furthermore China prefers to supply SE Asia direct instead of via HK. Korea last week did not procure any paper from HK because prices here were much higher than buying offers. On the other hand dealers claimed that their prices were very reasonable in view of high replenishment cost. Demand from SE Asia covered newsprint in ream, woodfree, art printing, poster, sulphite, kraft, but quantities involved very small; countries like Thailand, Cambodia, and Singapore approached China and Japan for direct supplies. With the exception of newsprint in reel which declined under marked-down indent,

quotations for other items remained very firm.

Pharmaceuticals: Export demand remained weak. Thailand enquired for dihydrostreptomycin; Korea favoured isoniazide tablets, glucose, sulfaguandine and quinine powder; Singapore interested in amidopyrin and saccharine crystal; China in sulfaguandine, caffeine alkaloid and salicylic acid; but most transactions fell through either on account of short stock or because buying offers were too low. Local demand for sulfonamides, aspirin, phenacetin and other fine chemicals remained steady but limited quantities involved did not stimulate the market.

Industrial Chemicals: The sluggish market registered more enquiries than orders from Korea for sodium bicarbonate, acetic acid, formalin, paraffin wax, and from Taiwan for plastic moulding compound and petrolatum; these two countries bought most supplies from US direct. China, and also Korea, ordered UK and European products via manufacturers' agents in HK but these purchases were irregular and did not affect the local market.

Cotton Yarn & Piece Goods: Purchasing authorizations for cotton yarn contracted under the US raw cotton for HK textiles deal had still not reached here from Djakarta. HK yarn and grey cloth, however, remained firm in the local market because no spot cargo available. Pakistan yarn steady on slower imports and good local demand

but Japanese yarn sluggish. HK drill eased slightly under the pressure caused by the decline of Chinese products which had arrived here in considerable quantities recently in anticipation of demand from Indonesia; Chinese grey, too, sluggish. Japanese grey was kept from dropping by dwindled stock and white shirting steady on local demand.

Rice: The sluggish market improved with better local retail business and on the news that dealers would cut imports during the current quarter. Whole rice steady but broken rice, particularly lower grades, remained weak under steady inflow from Thailand, Cambodia, North Vietnam.

Wheat Flour market continued quiet; imported brands steady on increased cost and HK flour firm on local demand.

Sugar: Local market first eased slightly when international sugar quotations dropped from recent hikes and supplies continued to arrive from Taiwan but later firmed again because Taiwan did not accept any new orders while world market turned bullish. Philippine brown remained firm throughout the week; stock low. HK Taikoo products firm on steady local demand and orders from Singapore.

Cement: HK Green Island products further marked up under strong local and export demand. Japanese brands remained firm at \$120 to \$121 per ton ex-ship HK; demand from Thailand and

Cambodia as well as from local building contractors remained firm. Chinese cement was favoured by North Borneo; price slightly cheaper than Japanese products but supply difficult to get from Canton.

Window Glass: In addition to the local building industry, Cambodia, Singapore and North Borneo provided strong demand for various brands and grades. East European products retained steady local demand but buyers from SE Asia favoured Chinese products on account of cheaper prices. Dealers here also received enquiries from Africa for Chinese glass. Indent delivery of North China products had already extended to August.

Gunny Bag: Quotations here again firmed on dwindled stock and demand from Manila, Haiphong and Phnompenh. Used bags, 1st quality improved from \$1.20 to \$1.22 a piece; new bags up to \$1.70 each.

Fresh Hen Eggs: Adequate supply from Canton and warm weather kept prices from going up. Retail price remained at about \$1 for 8 medium sized eggs.

'Sunkist' Oranges: Retail price for large ones dropped from 55c each to 40c after new arrivals from US. Local consumers are wondering why American oranges are now so expensive. Furthermore the quality is not uniform; some are not as juicy as others and the peel is usually very thick.

HONGKONG TRADE IN APRIL AND JAN./APRIL 1957

Exports during April were \$262.7 million, \$56.4 m less than those for the corresponding month in 1956. Imports at \$465.9 million were \$35 m more. The drop in the value of exports compared with April 1956 is misleading since that month included a considerable rise in exports to Indonesia; total export for April 1956 was the highest since 1951.

A comparison of figures for first four months of 1957 and 1956 showed that exports to Japan rose by \$55.8 m to \$122.7 m and exports to US rose by \$20.6 m to \$54.2 m. On the other hand, Thailand reduced her purchases from here by \$82.1 m and Indonesia by \$55.5 m. Imports from US rose by \$73.1 m to \$177.7 m. Increases were also recorded in imports from UK, China and Indonesia. Imports from Japan fell by \$63.4 m and from Malaya \$25.4 m less.

Exports of HK Products totalled \$61.2 m, \$11.3 m or 15.6% less than April 1956 and constituted 23.3% of HK's total export last month. A comparison of totals for first four months of 1957 and 1956 showed a decrease in 1957 of \$4.7 m or 1.7%. Exports of HK products to Indonesia during first four months last year were exceptionally heavy (\$66.6 m), exports in April 1956 reached the record figure

of \$20.8 m. UK's purchase of HK goods totalled \$11.5 m in April and with a total for 4 months of 1957 of \$53.2 m remained the principal buyer of HK products. Burma and the Philippines increased their purchases over the same period last year by \$6 m and \$5.8 m respectively. Apart from Indonesia, countries recording a decrease were Malaya and Thailand, by \$4.7 m and \$4.6 m respectively. Principal exports were cotton piecegoods, cotton yarns, footwear, shirts, enamelware, electric torches and cotton singlets.

Certificates of Origin: Beginning April 1 a new form of application for certificates of origin was introduced in which the manufacturer and exporter are jointly required to declare the nature, quantity etc. of the goods to be exported; hitherto only the manufacturer made this declaration. Certificates of Origin of all kinds and imperial preference certificates issued during the month totalled 19,106 and covered goods to the declared value of HK\$66,834,539. Approval was given by US Foreign Assets Control for the addition of white olives and black olives to the Agricultural Products procedure. Paper fans, hitherto a free import, were declared presumptive by US Treasury Department and have since been placed under the Paper Novelties procedure for certification purposes.

IMPORTS, BY COUNTRIES

Country	April, 1957 HK\$	Jan./April 1957 HK\$	Jan./April 1956 HK\$	Country	April, 1957 HK\$	Jan./April 1957 HK\$	Jan./April 1956 HK\$
Merchandise				France	3,976,058	14,550,733	8,707,999
Africa, Central (British)	218,883	1,132,560	834,873	Germany (Western)	17,261,142	57,105,870	38,017,544
Africa, East (British)	5,286,567	21,997,551	16,777,770	India	7,076,310	36,465,229	24,516,265
Africa, South ..	2,603,168	11,727,321	6,959,652	Indonesia	11,723,853	40,779,114	8,437,247
African Coun- tries, Other ..	11,200	399,706	1,121,639	Italy	5,723,998	23,485,089	11,029,137
America, Central	—	39,312	612,527	Japan	76,146,355	280,099,642	343,467,130
America, South (excluding Argentina and Brazil) ..	4,998	1,336,612	482,958	Korea, South ..	1,386,322	9,186,276	4,538,247
Argentina	624,681	1,185,813	838,081	Macao	2,078,327	13,310,570	12,839,132
Asian Coun- tries, Central ..	—	—	2,300	Malaya	8,784,671	31,968,638	57,385,005
Australia	8,397,734	43,258,967	25,527,823	Middle and Near East Countries	7,830,158	21,175,657	19,616,135
Austria	797,489	4,811,769	8,648,669	Netherlands ..	6,570,433	29,673,893	19,629,458
Belgium	21,224,992	63,305,233	34,454,957	New Zealand ..	101,338	2,169,578	269,096
Borneo, North Brazil	3,989,054	14,768,433	12,306,668	Norway	1,253,533	4,432,428	1,666,623
British Common- wealth, Other ..	375,927	7,100,625	10,861,233	Oceania, British Oceania, United States	725,806	891,893	5,846,188
Burma	2,799,131	7,950,038	17,049,733	Oceania, n.e.s. ..	6,545	55,185	41,920
Cambodia, Laos & Vietnam ..	7,853,181	26,188,857	18,963,119	Pakistan	168,310	216,763	46,018
Canada	4,109,314	19,576,473	15,815,858	Philippines	8,485,364	41,744,254	45,129,858
Ceylon	605,871	2,174,857	953,856	Sweden	2,033,031	12,417,977	7,851,177
China	89,918,118	401,088,078	353,659,212	Switzerland ..	3,981,468	10,207,340	6,468,965
Denmark	399,021	2,699,323	1,763,783	Thailand	17,808,921	65,173,382	43,420,745
Egypt	—	10,506,897	2,841,388	United Kingdom	12,988,246	81,125,199	61,699,375
Europe, Eastern European Coun- tries, Other ..	1,655,188	5,502,249	5,263,929	U.S.A.	52,425,504	220,536,164	156,956,875
Finland	684,760	1,645,668	1,198,511	U.S.S.R.	55,422,462	177,687,815	104,575,973
Formosa	2,776,229	3,811,248	631,000	West Indies, British	—	—	1,969,687
	6,574,284	33,695,760	15,798,524		42,265	85,311	82,529
				Total Mer- chandise ..	465,916,110	1,860,798,486	1,537,802,309
				Total gold and specie ..	24,576,434	122,884,314	174,732,168
				Grand Total	490,492,544	1,983,682,800	1,712,534,477

EXPORTS, BY COUNTRIES

Country	April, 1957 HK\$	Jan./April 1957 HK\$	Jan./April 1956 HK\$	Country	April, 1957 HK\$	Jan./April 1957 HK\$	Jan./April 1956 HK\$
Merchandise				Brazil	5,050	45,665	184,304
Africa, Central (British)	1,774,156	5,059,226	4,846,172	British Common- wealth, Other ..	1,956,421	8,155,930	7,371,718
Africa, East (British)	3,482,488	10,094,389	7,895,230	Burma	4,227,702	17,755,550	5,023,431
Africa, South ..	3,163,145	13,153,375	9,113,261	Cambodia, Laos & Vietnam ..	16,016,791	51,463,149	57,517,531
Africa, West (British)	2,998,133	15,689,123	20,773,724	Canada	3,683,258	13,863,812	11,963,020
African Coun- tries, Other ..	6,481,189	27,629,580	15,428,980	Ceylon	886,414	5,375,336	5,486,276
America, Central	3,120,048	12,208,583	7,669,849	China	11,337,140	41,229,077	33,572,411
America, South (excluding Argentina and Brazil) ..	1,408,054	5,836,286	4,862,177	Denmark	541,916	1,937,696	1,516,768
Argentina	5,585	141,665	70,479	Egypt	350	134,305	984,762
Asian Coun- tries, Central ..	40,177	481,411	576,982	European Coun- tries, Other ..	206,551	641,008	638,446
Australia	4,057,636	16,220,616	17,887,749	Finland	68,763	144,031	334,969
Austria	4,423	25,255	14,145	Formosa	5,060,579	19,436,915	15,227,269
Belgium	1,457,325	5,371,326	3,944,139	France	1,237,324	5,817,859	7,265,047
Borneo, North ..	3,065,575	14,592,998	13,203,790	Germany (Western)	3,974,299	14,407,562	15,180,124
				India	1,225,271	5,952,168	6,341,486
				Indonesia	36,340,777	178,431,825	233,911,938
				Italy	575,320	4,076,291	2,464,928
				Japan	25,937,584	122,661,815	66,840,282

Country	April, 1957 HK\$	Jan./April 1957 HK\$	Jan./April 1956 HK\$	Country	April, 1957 HK\$	Jan./April 1957 HK\$	Jan./April 1956 HK\$
Korea, South ..	8,198,775	25,012,920	36,093,160	Sweden	590,918	3,037,176	2,085,628
Macao	5,172,355	21,182,573	17,161,165	Switzerland	205,582	916,012	1,405,776
Malaya	29,914,080	131,020,962	126,834,211	Thailand	15,098,867	64,962,421	147,056,885
Middle and Near East				Turkey	—	63	36,008
Countries	2,685,082	11,316,400	11,605,836	United Kingdom	24,624,214	108,059,597	94,641,540
Netherlands	2,032,055	8,275,045	8,058,954	U.S.A.	15,813,770	54,177,327	33,538,669
New Zealand ..	1,406,524	4,289,502	3,335,548	West Indies, British	1,652,286	6,366,785	4,930,894
Norway	997,398	2,914,095	1,130,407	Total Mer- chandise ..	262,695,101	1,097,284,018	1,096,538,701
Oceania, British	730,323	1,637,220	1,934,877	Total gold and specie	24,911,400	127,622,409	196,203,082
Oceania, United States	2,490,618	9,425,510	10,361,513	Grand Total	287,606,501	1,224,906,427	1,292,741,783
Oceania, n.e.s.	789,119	3,175,567	2,720,143				
Pakistan	519,255	1,354,667	1,995,831				
Philippines	5,444,436	22,126,349	13,500,269				

IMPORTS, BY DIVISIONS

Division	April, 1957 HK\$	Jan./April, 1957 HK\$	Jan./April, 1956 HK\$
Live animals	14,249,113	48,903,407	62,094,493
Meat and meat preparations	4,241,410	29,392,910	14,062,575
Dairy products	10,042,137	36,847,165	29,035,781
Fish and fish preparations	8,398,875	30,617,683	28,848,231
Cereals	22,022,502	109,951,024	100,911,856
Fruits and vegetables	17,030,629	81,184,455	60,739,746
Sugar and sugar preparations	3,484,244	37,276,630	24,128,051
Coffee, tea, cocoa and spices	4,463,546	22,189,086	16,306,502
Feeding stuffs for animals	991,878	3,837,086	2,695,833
Miscellaneous food preparations	3,964,438	12,201,508	9,275,543
Beverages	2,734,371	10,962,465	8,714,129
Tobacco and tobacco manufactures	6,854,070	23,199,202	19,071,021
Hides, skins and fur skins, undressed	1,459,895	6,245,977	3,233,385
Oil seeds and nuts	2,073,104	15,382,549	18,321,537
Crude rubber, including synthetic	1,060,833	6,105,563	7,163,866
Wood, lumber and cork	6,339,421	25,162,041	21,955,242
Pulp and waste paper	493,176	1,755,019	1,202,694
Textile fibres and waste	33,370,334	135,754,539	86,885,578
Crude fertilizers and minerals	673,201	2,902,874	2,807,656
Ores and metal scrap	7,580,745	18,033,152	3,364,584
Animal and vegetable crude materials	14,713,384	77,717,609	56,695,864
Mineral fuels, lubricants and related materials	22,442,664	70,565,607	61,482,307
Animal and vegetable oils (not essential oils), fats, greases and derivatives	6,414,426	28,267,205	36,541,975
Chemical elements and compounds	5,139,752	20,095,603	12,915,260
Mineral tar and crude chemicals	124,466	213,159	129,299
Dyeing, tanning and colouring materials	5,325,104	18,601,081	13,148,153
Medicinal and pharmaceutical products	5,487,102	21,769,319	11,910,096
Perfume materials and cleansing preparations	3,915,315	14,788,799	14,455,217
Fertilizers, manufactured	156,221	3,293,020	16,781,115
Explosives and miscellaneous chemical products	5,684,277	23,817,696	16,521,522
Leather, leather goods and furs	1,872,621	8,419,168	7,033,799
Rubber manufactures	1,338,102	4,970,281	7,673,939
Wood and cork manufactures (excluding furniture)	1,077,412	3,633,106	3,224,767
Paper, paperboard and manufactures	13,150,461	49,539,859	42,028,422
Textile yarn, fabrics and made-up articles	94,009,474	321,081,692	356,772,403
Non-metallic mineral manufactures	8,564,115	29,904,452	30,622,734
Silver, platinum, gems and jewellery	6,864,725	34,148,608	28,809,664
Base metals	48,493,531	184,971,183	80,048,338
Manufactures of metals	6,685,907	24,376,355	20,581,436
Machinery other than electric	12,982,233	53,103,583	42,940,732
Electric machinery and appliances	6,971,141	30,229,297	25,719,616
Transport equipment	7,032,184	41,031,072	31,519,681
Prefabricated buildings; plumbing, heating and lighting fittings	1,557,481	4,609,607	5,116,894
Furniture and fixtures	440,560	1,744,093	1,102,692
Travel goods	195,970	814,879	677,292
Clothing	3,828,769	14,841,475	11,059,416
Footwear	439,837	1,573,278	1,060,316

Division	April, 1957 HK\$	Jan./April, 1957 HK\$	Jan./April, 1956 HK\$
Scientific instruments; photographic and optical goods; watches and clocks	20,583,596	79,479,320	52,075,635
Miscellaneous manufactured articles	9,062,553	35,192,180	28,269,051
Live animals, not for food	34,805	101,565	66,371
Gold and specie	24,576,434	122,884,314	174,732,168
Total:	490,492,544	1,983,682,800	1,712,534,477

EXPORTS, BY DIVISIONS

Division	April, 1957 HK\$	Jan./April, 1957 HK\$	Jan./April, 1956 HK\$
Live animals	55,540	247,060	115,860
Meat and meat preparations	570,374	4,523,676	3,440,400
Dairy products	1,453,283	4,695,796	5,633,467
Fish and fish preparations	2,440,188	10,201,483	8,858,413
Cereals	4,393,201	18,649,576	17,558,808
Fruits and vegetables	10,172,522	48,670,282	40,400,606
Sugar and sugar preparations	4,760,937	15,195,999	11,736,580
Coffee, tea, cocoa and spices	1,895,149	12,929,471	9,288,296
Feeding stuffs for animals	108,207	1,228,999	712,174
Miscellaneous food preparations	2,495,546	9,976,700	9,357,668
Beverages	1,059,150	3,892,065	3,843,143
Tobacco and tobacco manufactures	748,706	2,876,407	2,645,803
Hides, skins and fur skins, undressed	1,835,769	5,193,111	3,283,172
Oil seeds and nuts	2,302,837	8,883,910	15,670,428
Crude rubber, including synthetic	94,235	435,261	109,698
Wood, lumber and cork	1,202,033	3,449,927	2,785,640
Pulp and waste paper	188,332	1,428,172	438,881
Textile fibres and waste	5,919,505	44,819,333	12,680,399
Crude fertilizers and minerals	260,235	1,472,382	1,522,040
Ores and metal scrap	12,540,636	37,044,364	14,760,683
Animal and vegetable crude materials	10,230,732	47,019,598	50,571,637
Mineral fuels, lubricants and related materials	343,508	2,799,841	3,741,662
Animal and vegetable oils (not essential oils), fats, greases and derivatives	2,723,770	10,653,294	17,655,086
Chemical elements and compounds	2,155,059	7,290,906	4,421,226
Mineral tar and crude chemicals	3,080	29,650	6,180
Dyeing, tanning and colouring materials	4,505,271	17,726,329	19,039,657
Medicinal and pharmaceutical products	4,031,829	18,958,122	14,544,076
Perfume materials and cleansing preparations	2,205,248	9,475,749	9,334,597
Fertilizers, manufactured	972,475	3,691,804	16,988,818
Explosives and miscellaneous chemical products	1,920,626	6,186,231	6,389,615
Leather, leather goods and furs	223,838	627,627	858,074
Rubber manufactures	571,876	1,497,871	4,516,564
Wood and cork manufactures (excluding furniture)	294,074	1,283,575	1,604,764
Paper, paperboard and manufactures	3,682,608	16,873,415	21,818,463
Textile yarn, fabrics and made-up articles	64,306,304	275,016,628	321,586,341
Non-metallic mineral manufactures	4,039,671	13,875,490	19,128,236
Silver, platinum, gems and jewellery	2,845,396	9,041,410	10,090,677
Base metals	13,424,800	65,057,037	42,639,301
Manufactures of metals	10,622,501	43,287,255	44,472,772
Machinery other than electric	1,953,836	9,598,404	21,936,537
Electric machinery and appliances	2,577,504	10,202,885	12,126,288
Transport equipment	5,094,467	15,141,431	9,771,774
Prefabricated buildings; plumbing, heating and lighting fittings	5,729,085	22,679,439	24,572,905
Furniture and fixtures	4,256,458	14,185,253	11,872,842
Travel goods	1,787,701	5,376,699	5,086,105
Clothing	33,968,149	133,133,325	131,868,173
Footwear	5,756,012	28,857,569	36,489,496
Scientific instruments; photographic and optical goods; watches and clocks	2,812,123	13,072,496	12,635,323
Miscellaneous manufactured articles	15,105,253	58,584,505	55,786,652
Live animals, not for food	55,462	246,206	142,701
Gold and specie	24,911,400	127,622,409	196,203,082
Total:	287,606,501	1,224,906,427	1,292,741,783

HONGKONG PRODUCTS
EXPORTS, BY COUNTRIES

Country	April, 1957 HK\$	Jan./April 1957 HK\$	Jan./April 1956 HK\$
Africa, Central (British)	694,596	1,995,083	1,787,452
Africa, East (British)	1,939,603	5,941,516	4,616,560
Africa, South	1,948,892	8,011,924	5,042,248
Africa, West (British)	1,857,383	9,737,384	13,082,889
African Countries, Other	3,969,671	16,983,574	8,288,780
America, Central	1,550,053	5,525,400	2,991,867
America, South (ex- cluding Argentina and Brazil)	640,603	3,109,299	2,464,658
Argentina	1,881	9,965	—
Asian Countries, Cen- tral	16,363	313,513	198,496
Australia	1,633,766	5,823,959	5,131,911
Austria	—	—	240
Belgium	133,810	684,839	833,549
Borneo, North	714,038	3,393,766	3,089,583
Brazil	—	11,711	110,889
British Common- wealth, Other	985,983	4,017,324	3,580,557
Burma	2,439,923	6,824,795	815,321
Cambodia, Laos & Vietnam	1,518,971	8,391,413	11,253,229
Canada	610,796	3,171,837	3,582,388
Ceylon	409,711	2,081,642	1,474,831
China	8,407	2,288,293	129
Denmark	125,908	635,006	479,464
Egypt	—	—	138,340
European Countries, Other	20,288	112,457	118,538
Formosa	114,045	391,821	617,603
France	33,160	225,997	235,358
Germany (Western)	446,534	1,513,273	941,200
India	137,280	903,266	1,897,954
Indonesia	7,428,549	41,706,680	66,563,832
Italy	37,822	217,862	136,249
Japan	313,385	1,680,467	1,691,938
Korea, South	16,963	154,480	1,485,268
Macao	550,965	1,817,159	1,335,594
Malaya	6,958,911	26,947,969	31,680,984
Middle and Near East Countries	904,539	3,711,348	3,972,679
Netherlands	160,232	1,148,668	1,190,019
New Zealand	459,032	1,633,399	1,102,490
Norway	203,244	542,135	65,946
Oceania, British	258,557	631,270	710,235
Oceania, United States	329,608	1,074,341	1,239,234
Oceania, n.e.s.	327,933	1,102,121	977,359
Pakistan	137,368	225,590	690,134
Philippines	2,553,028	10,940,908	5,096,001
Sweden	232,276	566,140	401,730
Switzerland	14,568	82,325	100,871
Thailand	3,072,692	14,444,716	19,014,493
Turkey	—	63	—
United Kingdom	11,548,404	53,247,044	53,056,245
U.S.A.	3,027,853	9,441,996	5,699,301
West Indies, British	695,765	3,235,324	2,359,606
Total	61,183,359	266,651,062	271,344,242

EXPORTS, BY COMMODITIES

Commodity	April, 1957 HK\$	Jan./April 1957 HK\$	Jan./April 1956 HK\$
Fish in airtight con- tainers	182,240	745,760	789,210
Fruits, preserved	952,366	4,001,757	5,533,876
Jams and fruit jellies	124	261	—
Fruit juices, unfer- mented	42,789	114,284	137,170
Non-alcoholic bever- ages	62,129	147,900	136,212
Beer	301	1,080	3,415
Cigarettes	111,863	474,711	356,586
Iron ore	247,885	1,554,498	1,605,650
Tungsten ore	6,000	31,500	52,179
Seagrass	938	27,398	42,770
Lacquer and var- nish	176,907	1,094,637	1,031,539
Paint, enamel and mastic	993,423	4,404,009	3,931,688
Cotton yarn	8,920,829	41,186,245	39,055,237
Cotton piece goods	14,892,369	70,728,793	50,602,941
Towel, not embroi- dered	1,064,475	4,137,584	5,538,348
Linen, embroidered	1,122,234	3,784,541	2,421,164
Cement	760,530	2,024,042	2,667,966
Iron and steel bars	248,651	3,803,302	3,073,692
Household utensils, enamelled	5,534,487	23,579,672	23,635,134
Household utensils, aluminium	875,296	3,207,038	3,447,202
Torch batteries	648,332	2,647,471	3,308,584
Torch bulbs	395,155	1,261,349	2,310,002
Electric torches	3,944,785	15,049,451	15,066,886
Lanterns, metal	1,127,257	4,227,674	5,377,597
Cotton singlets	3,489,438	14,216,188	34,444,459
Underwear and nightwear, embroi- dered	366,552	1,083,908	715,161
Shirts	7,228,877	26,254,057	21,564,828
Outerwear, embroi- dered	615,301	2,540,492	2,471,848
Articles of clothing (handkerchiefs, shawls, etc.), em- broidered, n.e.s.	303,196	1,396,543	1,031,175
Footwear	5,161,929	26,758,576	34,637,545
Matches	81,005	295,837	447,754
Plastic articles	1,038,603	3,478,512	3,233,253
Vacuum flasks, com- plete	587,093	2,391,992	2,673,171
Total	61,183,359	266,651,062	271,344,242